



**Training Proposal for:
Ultimate Formulations, Inc. dba Best Formulations
Agreement Number: ET15-0120**

Panel Meeting of: June 27, 2014

ETP Regional Office: North Hollywood

Analyst: M. Webb

PROJECT PROFILE

Contract Attributes:	HUA Job Creation Initiative Priority Rate Retrainee	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	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: 321	U.S.:321	Worldwide: 321
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	16%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$110,040		\$0	\$0		\$110,040

In-Kind Contribution:	100% of Total ETP Funding Required	\$125,827
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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 Priority Rate	Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Manufacturing Skills, Productive Lab	91	8-200	0	\$540	\$16.04
				Weighted Avg: 30			
2	Retrainee Priority Rate HUA	Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Manufacturing Skills, Productive Lab	85	8-200	0	\$540	\$12.03
				Weighted Avg: 30			
3	Retrainee Priority Rate Job Creation Initiative	Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Manufacturing Skills, Productive Lab	25	8-200	0	\$600	\$10.03 *
				Weighted Avg: 30			

* It will be made a condition of contract that the trainees in this Job Number will never be paid less than the statewide 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: Job Number 1: \$16.04 for Los Angeles County; Job Number 2 (HUA): 12.03 for HUA Minimum Wage for Los Angeles County; Job Number 3 (Job Creation): \$10.03 for Los Angeles 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

\$1.03 per hour may be used to meet the Post-Retention Wage in Job Number's 2 & 3.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
JOB NUMBER 1		
Administration Staff		17
Production Staff		21

Technical/Quality Staff		21
Supervisor/Manager		32
JOB NUMBER 2		
Administration Staff		18
Production Staff		30
Technical/Quality Staff		22
Supervisor/Manager		15
JOB NUMBER 3		
Administration Staff		18
Production Staff		55
Technical/Quality Staff		35
Supervisor/Manager		2

INTRODUCTION

Founded in 1984, Ultimate Formulations, Inc. dba Best Formulations (Best Formulations) (www.bestformulations.com) is a nutraceutical and pharmaceutical company located in the City of Industry. Best Formulations is a contract manufacturer and private labeler of nutritional supplements which include tablets, softgels, powders, capsules, dietary teas and over-the-counter and prescription drugs.

This is the third ETP Agreement for Best Formulations. Prior projects focused on Lean Manufacturing Skills and the implementation of Enterprise Resource Planning. Trainees were also provided training on new equipment that was purchased in the last two years. The Company also focused on certain occupations such as chemists and technicians in an effort to begin in-house testing in their laboratory opposed to sending products to outside labs/facilities for testing. By performing testing in-house the Company will reduce costs.

In this agreement, Best Formulations would like to train workers in inventory management. The Company will focus on decreasing manufacturing lead times by implementing a Material Requirements Planning System (MRP Routing and Production Scheduling). Currently, production scheduling is performed using a manual spreadsheet prone to human error. The new MRP computer system will eliminate data errors, improve scheduling accuracy, and decrease lead times.

To reduce testing costs and meet FDA testing requirements, the Company plans to increase training in chemical and microbiological analysis. Best Formulations will train staff to test products in-house. This will reduce testing expenses and decrease lead time for customers giving Best Formulations a competitive edge in the market. New formulas are being developed to improve machine efficiency, production yield, and reduce manufacturing costs.

Best Formulations has purchased a new Pill Pouching Machine to be installed June 2014. By packaging their own product, Best Formulations will cut production costs. Training will be provided to staff to ensure they are capable of running the machinery properly. The Company is also creating a new system to manufacture vegetarian softgels. Traditionally, softgels are made with animal (beef and pork) gelatin, however, the price of these materials have increased over the last several years. Therefore, Best Formulations has created a new shell formula which utilizes less of the animal ingredients and more non-animal ingredients. This system will reduce waste from 10%+ to less than 5%.

Retrainee - Job Creation

In support of job creation, the Panel offers 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. Trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

Best Formulations has committed to hiring 25 new employees (Job Number 3). In an effort to expand business, the Company purchased new machinery that will result in additional product production lines. Newly-hired employees will receive training to become familiar with manufacturing processes used at the City of Industry location. Class Lab and Productive Lab training will be provided to ensure staff are prepared to perform job duties on the production floor.

PROJECT DETAILS

Training Plan

Training will be delivered in the following:

Business Skills (20%) - This training will be offered to all occupations to improve in areas such as Customer Service, Product Innovation, and Teambuilding.

Computer Skills (15%) - This training will be offered to all occupations to reduce lead times and improve efficiency. Topics provided to trainees include MRP, Shop Floor Data Collection, and Enterprise Resource Planning (ERP).

Hazardous Materials (5%) - This training will be offered to Production Staff, Technical Staff and Supervisors/Managers to ensure safe practices while handling hazardous materials.

Manufacturing Skills (30%) - This training will be offered to Production Staff, Technical Staff, and Supervisors/Managers. Trainees will be provided instruction in topics such as Sanitation, Standard Operating Procedures (SOP), and Troubleshooting.

Continuous Improvement (20%) - This training will be offered to all occupations to ensure lean processes are being utilized in all areas. Trainees will receive instruction in Root Cause Analysis and Process Improvement to enhance problem solving skills.

Productive Laboratory (10%)

The Panel 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.

Manufacturing Skills training may be delivered through PL training to Production Staff, Technical/Quality Staff, and Supervisors/Managers. Trainees require hands-on experience to ensure they are capable of operating machinery. Supervisors will monitor equipment operation and laboratory procedures. Once training is completed, trainees will be assigned tasks based on job requirements. Trainees will produce products using machines to demonstrate they are able to perform job duties independently while on the production floor.

PL trainees will be trained with a 1:1 trainer-to-trainee ratio and hours will be capped at 25 hours per trainee.

Commitment to Training

Best Formulations will continue to provide State and Federal mandated training to its employees outside of this ETP project. Training of this type is company-wide, and will remain on-going following this Agreement in an effort to grow the business, and develop new products for its customer base.

Best Formulations 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

Training under this Agreement will begin July 2014. Trainers are in place to teach employees new processes to improve efficiency and continue on-going courses in Continuous Improvement. Best Formulations will continue to work with a third party consultant to handle administration duties.

High Unemployment Area

The 85 trainees in Job Number 2 work in the City of Industry in Los Angeles County, a High Unemployment Area (HUA) with unemployment exceeding the state average by at least 25%, which qualify for HUA status under these standards. For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. Best Formulations requests a wage modification for these trainees.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET12-0385	City of Industry	05/11/12- 05/10/14	\$97,308	\$96,845 (99%)
ET10-0287	City of Industry	10/27/09- 10/26/11	\$74,880	\$62,546 (83%)

DEVELOPMENT SERVICES

Best Formulations retained Training Funding Source (TFS) in Seal Beach to assist with development of this proposal for a flat fee of \$5,000.

ADMINISTRATIVE SERVICES

TFS will also 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

- Customer Service
- Effective Communication
- Inventory Control
- Key Performance Indicators
- Leadership
- Market Research
- Operational Procedures
- Product Innovation
- Reconciliation
- Teambuilding

COMPUTER SKILLS

- Enterprise Resource Planning (ERP)
- Material Requirement Planning
- Network & Server Management
- Office Suite Software
- Process Pro Modules
- Production Scheduling
- Shop Floor Data Collection
- Workcenter Routing

CONTINUOUS IMPROVEMENT

- Good Manufacturing Practices Documentation
- Lead Time Reduction
- Lean Manufacturing Skills
- Process Flowchart
- Process Improvement
- Root Cause Analysis
- SMART Goals
- Total Quality Management
- Value Stream Mapping

HAZARDOUS MATERIALS

- HazMat Handling
- Material Safety Data Sheets

MANUFACTURING SKILLS

- Hazard Analysis and Critical Control Point (HACCP)
- Material Handling equipment
- Packaging Design
- Preventive Maintenance
- Sanitation

- Setup Time Reduction
- Standard Operating Procedures (SOP)
- Troubleshooting

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

Productive Lab Hours

0-25

MANUFACTURING SKILLS

- Chemical and Microbiological Analysis
- Equipment Operations
- Laboratory Procedures
- Preventive Maintenance
- Production Equipment/Tools
- Product Formulation and Development
- Validation

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