



**Training Proposal for:
Vescio Threading Co. Inc. dba
Vescio Manufacturing International**

Small Business

ET16-0258

Approval Date: October 27, 2015

ETP Regional Office: North Hollywood

Analyst: E. Fuzesi

CONTRACTOR

- Type of Industry: Manufacturing
Services
Priority Industry: Yes No
- Number of Full-Time Employees
California: 70
Worldwide: 92
Number to be trained: 55
Owner Yes No
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 8%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$38,610
- In-Kind Contribution: \$49,008

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 SB <100 Priority Rate	Continuous Impr., Mgmt. Skills, Mfg Skills	55	8-60	0	\$702	\$15.97
				Weighted Avg: 27			

- Reimbursement Rate: \$26 SB Priority
- County(ies): Los Angeles
- Occupations to be Trained: Machine Operator, Technician, Quality Staff, Supervisor/Manager, Owner
- Union Representation: Yes
 No
- Health Benefits: \$1.74 per hour

SUBCONTRACTORS

- Development Services: N/A
- Administrative Services: N/A
- Training Vendors: To Be Determined

OVERVIEW

Vescio Threading Co. Inc. dba Vescio Manufacturing International (VMI) (www.vesciorthreading.com), headquartered in Santa Fe Springs, is a family-owned Computer Numerical Control (CNC) machine shop. The Company specializes in threading services for aerospace, medical and automotive industries in the United States and Mexico.

The ETP-funded training will take place at the Santa Fe Springs facility, which is also where the majority of the manufacturing takes place. The Company has an expanding customer base nationwide. [Note: VMI also has a facility that conducts plating and honing processes.

Need for Training

This proposal will be VMI's second ETP Agreement within the last five years. The prior Agreement (ET09-0555) mainly focused on training employees in Manufacturing and Business Skills. This proposal will focus on Continuous Improvement.

The global industrial fastener market is highly competitive, which is driving businesses to differentiate their products by offering application-specific fasteners with increased strength and durability. As a result, VMI intends to become a Lean manufacturer, with training in operational metrics supported by empowered teams. For example, the Company is implementing real-time statistical process control systems to monitor for early defect detection and elimination. This

should increase production rates throughout the shop. By improving and standardizing processes, implementing Lean operations, and applying rigid process controls and methodologies, VMI hopes to exceed customers' expectations in quality, lead time, and cost.

Training Plan

Training will be provided by in-house personnel and outside vendors via Class/Lab delivery method.

Continuous Improvement (66%) – Training will be offered to all staff to increase operational effectiveness and efficiencies, reduce waste, and empower key staff to make decisions. Training will allow VMI to implement data driven problem solving using standardized protocols and mistake proofing ideas and concepts. Training will empower frontline workers to identify and resolve production problems to improve processes.

Management Skills (3%) – Training will be offered to Management Staff to improve leadership skills, teaching trainees how to coach teams and individuals and track individual performance and process improvements.

Manufacturing Skills (31%) – Training will be offered to all staff to improve productivity, efficiency, quality, and waste reduction. These skills will help increase employee skill levels in Dimensioning and Tolerancing and give trainees the knowledge to interpret the main aspects of a mechanical drawing.

Modifications

Contract Term Limitation

VMI is requesting an additional 12 months (24 months total) to be added to the agreement term. The additional 12 months will enable the Company to adequately handle potential workload fluctuations and reduce any production impacts due to increases in sales and manufacturing demands. This increased flexibility will support planning and scheduling, and complement overall business operations.

High Unemployment Area

All trainees in this proposal work in Santa Fe Springs, 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.

➤ Wage Modification

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. VMI is not asking for a wage modification.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned	
				\$	%
ET09-0555	Santa Fe Springs	04/06/2009– 04/05/2011	\$98,020	\$61,753 (63%)	

During the term of the contract, VMI experienced a sudden increase in production demand. VMI needed to have staff focus on meeting customer order and delivery deadlines instead of training. Additionally, the Company's training vendor was unable to complete delivery. VMI did not have the resources to conduct the remaining training on their own.

To ensure successful performance, VMI will use an experienced Six Sigma Master to lead the training. VMI has also improved its response to upcoming production demands with increased staffing and professional, dedicated leadership support. The current proposal has been "right-sized" to \$38,610 which is approximately two-thirds of earnings under this prior contract.

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

8-60 Trainees may receive any of the following:

CONTINUOUS IMPROVEMENT

- 6S: Methodology for Workplace Organization
- Certified Six Sigma Green Belt (CSSGB)
- Certified Six Sigma White Belt (CSSWB)
- Failure Mode & Effect Analyses (FMEA)
- Kaizen
- Measurement System Analyses (MSA)
- Poka Yoke
- Process Mapping (PMAP)
- Production Part Approval Process (PPAP)
- Root Cause & Corrective Action (RCCA)
- Single Minute Exchange of Die (SMED)
- Statistical Process Control (SPC) Chart
- Total Productive Maintenance (TPM)

MANAGEMENT SKILLS (For Supervisors and Managers Only)

- Lean Leadership

MANUFACTURING SKILLS

- Geometric Dimensioning & Tolerancing (GD&T) – Blue Print Reading

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