

DELEGATION ORDER



**Training Proposal for:
Weatherby, Inc.**

Small Business

ET17-0135

Approval Date: August 8, 2016

ETP Regional Office: North Hollywood **Analyst:** E. Fuzesi

CONTRACTOR

- Type of Industry: Manufacturing
Services
Priority Industry: Yes No
- Number of Full-Time Employees
California: 71
Worldwide: 72
Number to be trained: 71
Owner Yes No
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 1%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$25,844
- In-Kind Contribution: \$55,613

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	Business Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	71	8-200	0	\$364	*\$15.60
				Weighted Avg: 14			

*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.

- Reimbursement Rate: \$26 SB Priority
- County(ies): San Luis Obispo
- Occupations to be Trained: Administration/Support Staff, Production Staff, Technical Staff, Supervisor/Manager, Executive Staff, Owner
- Union Representation: Yes
 No
- Health Benefits: \$3.24 per hour

SUBCONTRACTORS

- Development Services: N/A
- Administrative Services: N/A
- Training Vendors: IQMS in Paso Robles will provide Computer Skills training.
MadLand Toyota in Santa Maria will provide Manufacturing Skills.
Other trainers will be identified as they are retained.

OVERVIEW

Founded in 1945 and located in Paso Robles, Weatherby, Inc. (Weatherby) (www.weatherby.com) is a family-owned sporting firearm and ammunition manufacturer and distributor. Weatherby's customers include sporting goods stores, distributors, mass merchants, and conservation groups nationwide.

This will be Weatherby's second ETP Agreement in five years. The previous ETP Agreement focused on the implementation of a new ERP software by Epicor. However, as the project progressed, it was determined that Epicor's integrated web store was not scalable to hand-held devices and Epicor could not integrate the Company's credit card processing system.

Recent changes in the U.S. firearms industry include emerging low cost competitors manufacturing entry level bolt action rifles that are built on more economical designs and production methods. New gun owners are interested in target shooting and favor more tactical, self-defense orientated products. To respond to consumer demands, Weatherby's new selection of rifles has been designed to meet the range and durability requirements of this market.

To remain competitive, Weatherby is using a new finishing process (cerakote), new performance features, and advanced assembly processes. To meet changing industry and customer demands, Weatherby is also upgrading its existing software systems. EnterpriseIQ ERP & Manufacturing Execution System (IQMS) software solution is designed to solve manufacturing challenges, increase efficiency, eliminate unnecessary downtime, enhance manufacturing production, and improve supply chain visibility. To upgrade technical skills and align business and management practices with these changes, training in all aspects of operations is necessary.

Training Plan

All employees will receive class/lab and productive lab training in alignment with their roles and responsibilities.

Business Skills: Training will be offered to all occupations to market and launch new products while aligning sales, marketing, customer service, and financial controls to support upgrades and expansions.

Computer Skills: Training will be offered to all occupations. Training includes the new ERP system; software upgrades, operating systems, hardware, and servers. These technology advancements will enable the Company to manage all areas such as point-of-sale, supply chain management, production, and financial controls under one real-time platform, replacing manual processes. The new system will integrate information management across the entire organization to facilitate an immediate flow of information and report between all business functions.

Continuous Improvement: Training will be offered to all occupations to improve efficiencies and help all areas of operations. Training will help eliminate wasteful activities, reduce scrap and rework, improve problem-solving to maintain superior customer service.

Management Skills: Training will be offered to Supervisors/Managers to provide leadership skills, coaching skills and improve communication.

Manufacturing Skills: Training will be offered to Production and Technical Staff to integrate new products, processes and equipment operations to launch, support and maintain new customer and industry demands.

Certified Safety Training

OSHA 10/30: Training is a series of courses "bundled" by industry sector offered to all staff. It consists of 10 hours of classroom training for journey-level workers and 30 hours for frontline supervisors. The coursework is geared to manufacturing. Completion of the training results in a

certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA.

Hazardous Materials (HAZMAT): Training is a series of courses, specific to industry sectors involved in the transport of hazardous materials. It is a minimum of 24 hours with an 8-hour annual refresher, and will be delivered in a classroom setting. Supervisors/Managers, Production and Technical Staff will receive up to 24 hours of training. These positions may require the use of toxic and/or hazardous substances. These substances are used to coat metals and other components, and protect them from corrosion, and wear for the best performance. The Company's new machines and products will demand more environmentally friendly methods of managing hazardous materials.

Productive Laboratory: Productive Laboratory (PL) trainees may produce goods for profit as part of the training identified in the Curriculum. Weatherby requests PL training in Manufacturing Skills. PL training is necessary for trainees to gain practical experience in properly operating and troubleshooting new equipment, and making needed adjustments to processes. Certain functions, such as fabrication, inventory management and assembly, can only be performed in a live setting.

Approximately half of Manufacturing Skills training will be PL. This includes training for 30 Technical and Production Staff who will receive up to 24 PL hours with an average of 15 hours. Training will occur under the direct supervision of the trainer in a small group setting with instructional education followed by hands on demonstration and practical skills implementation in a productive setting.

Weatherby is requesting the trainer-to-trainee ratio of 1:3, as the PL trainees' job description and the new skillsets are similar, allowing up to three trainees from the same occupation group to attend the training sessions together. The PL trainers will be qualified and/or certified to deliver the course content and material. They will be responsible for directing the operations and instructions as well as providing immediate feedback to the trainee as work is performed. Since the trainer's time is dedicated to training/coaching/evaluation, there is a lower production output. This will allow trainees to acquire the skills to become competent in equipment operation and assembly without the pressure of normal operational requirements.

Modifications

Training Hours Limitation

Small business proposals are capped at 60 hours per trainee. Weatherby is requesting 200 hours due to the complexity of the new ERP Software. Extension of training hours will allow for extensive hands-on ERP Software training and live demos before the system goes live in January 2017. Pre-launch software training will facilitate a smoother introduction and implementation with highly knowledgeable staff managing the new software.

Contract term

Weatherby is requesting a two-year contract term to allow sufficient time for implementation of new products, completion of IQMS training and retention periods, enabling the Company to implement advancements and growth to remain competitive.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned	
				\$	%
ET13-0195	Paso Robles	6/30/13- 6/29/15	\$90,272	\$25,998 (29%)	

This Agreement was largely based on training related to the implementation of the Epicor ERP software. As the contract term progressed, the programmers at Epicor discovered several roadblocks that prevented the installation of the software. Epicor was not able to produce a solution to meet the Company's need to process credit cards transactions through Paypal who was Epicor's only credit card vendor. These flaws severely degraded the utility of the software. Also, when Epicor was stalled and unable to perform, other training courses were postponed because they were tied into the implementation. The end result of problems with the ERP software was that training could not occur as planned, and performance was severely impacted.

Since then, Weatherby has acquired a new ERP software from IQMS that can integrate the Company's data and credit card processes effectively. Weatherby's ERP software has already been fully developed and will be installed end of July 2016. The Company's goal is to go-live company-wide in January 2017. Weatherby has hired a director to oversee ETP training. The proposed project has been right-sized in alignment with the Company's prior earnings.

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

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Services
- New Product Development
- Performance Management
- Product Knowledge
- Sales and Marketing

COMPUTER SKILLS

- Hardware Upgrades for ERP
- Interface to ERP
- IQMS ERP
- New Servers
- Software Systems (Intermediate/Advanced)
 - Mas 200
 - Microsoft Office 2010
 - Windows 7
- SolidWorks CAD/CAM

CONTINUOUS IMPROVEMENT

- Frontline Decision Making and Problem Solving
- Process Improvements
- Quality Control

HAZARDOUS MATERIALS

- Hazardous Materials Handling

MANAGEMENT SKILLS

- Leadership Skills

MANUFACTURING SKILLS

- Assembly
- Ballastician Techniques
- Equipment Operation
- Gunsmith Techniques
- Production Techniques

OSHA 10/30 (Certified OSHA Instructor)

- OSHA 10 (Requires Completion of 10 hours)
- OSHA 30 (Requires Completion of 10 hours)

Productive Lab Hours

0-24

MANUFACTURING SKILLS (Ratio 1:3)

- Assembly
- Ballastician Techniques

- Equipment Operation
- Gunsmith Techniques
- Production Techniques

Note: Reimbursement for retraining is capped at 200 total hours per-trainee, regardless of method of delivery. PL is capped at 24 hours per-trainee.