



## RETRAINEE - JOB CREATION

**Training Proposal for:**

**ZOLL Circulation, Inc.**

**Agreement Number: ET15-0340**

**Panel Meeting of:** January 22, 2015

**ETP Regional Office:** San Francisco Bay Area

**Analyst:** L. Lai

### PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative	Industry Sector(s):	Manufacturing  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Santa Clara	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: 153	U.S.:169	Worldwide: 25,000
<u>Turnover Rate:</u>	10%		
<u>Managers/Supervisors:</u> (% of total trainees)	4%		

### 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;">\$189,000</td></tr> </table>	Program Costs	\$189,000	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">(Substantial Contribution)</td></tr> <tr><td style="text-align: center;">\$0</td></tr> </table>	(Substantial Contribution)	\$0	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">(High Earner Reduction)</td></tr> <tr><td style="text-align: center;">\$0</td></tr> </table>	(High Earner Reduction)	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Total ETP Funding</b></td></tr> <tr><td style="text-align: center;">\$189,000</td></tr> </table>	<b>Total ETP Funding</b>	\$189,000
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<b>In-Kind Contribution:</b>	100% of Total ETP Funding Required	\$229,733
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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, Continuous Impr, Mfg. Skills	84	8-200	0	\$1,890	\$16.50*
				Weighted Avg: 105			
2	Retrainee Priority Rate Job Creation initiative	Business Skills, Continuous Impr, Mfg. Skills	12	8-200	0	\$2,520	\$16.00*
				Weighted Avg: 126			

**Minimum Wage by County:** Santa Clara County - \$16.25 for Job #1 Retrainees and \$13.55 for Job #2 Job Creation Trainees.

**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

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

\*This proposal was scheduled to be heard in December. Staff recommends “grandfathering” the CY 2014 wages to ensure there is no detriment caused by the cancellation of December’s meeting where, as here, some occupations would not meet CY 2015 wages.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Number 1 - Retrainee</b>		
Assembly Technician		70
Assembly Lead		4
Supervisor		4
Engineer		9
<b>Job Number 2 – Job Creation</b>		
Assembly Technician		10
Engineer		2

**INTRODUCTION**

Founded in 1980, ZOLL Circulation, Inc. (ZOLL), an Asahi Kasei Group company, develops and markets medical devices and software solutions that help advance emergency care and increase clinical and operational efficiencies. Products include equipment for defibrillation and monitoring, circulation and CPR feedback, data management, fluid resuscitation, and therapeutic temperature management. ZOLL provides a comprehensive set of technologies that help clinicians, EMS, firefighters, and lay rescuers treat victims in need of resuscitation and acute critical care.

## **PROJECT DETAILS**

ZOLL is growing rapidly. It is continually acquiring companies that are consistent with technologies it currently provides. The Company is in the midst of an acquisition that will expand its product portfolio to add Intravascular Temperature Management (Console, Catheter, Cassette) and surface cooling (Console, Pads) applications. Once the acquisition is complete, all equipment and processes will be integrated into the Company's San Jose facility. Zoll, the Company must understand the strategic importance of remaining competitive in the global market by producing quality products efficiently. To do so, the Company must implement a Lean training program.

### **Retrainee - Job Creation**

ZOLL has committed to hiring 12 new employees (Job Number 2). Zoll represents that 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. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract. Although it is subjected to a lower hourly wage of \$13.55, ZOLL will place Job Creation trainees starting at \$16.00 per hour.

ZOLL has grown from 35 employees in 2002 to nearly 300 today (many are stationed outside of the country). The growth rate is expected to continue to climb as it grows organically and through acquisitions. The Company is projecting an increase to 350 employees in the next two years.

### **Training Plan**

**Business Skills (15%):** Training will be provided to Supervisors and Engineers. Training will improve quality systems and systemic root cause problem solving efforts related to the field quality of products and internal systems that lead to significant quality improvements. Also, risk assessment training will provide improved understanding of product and process risk.

**Continuous Improvement (35%):** Training will be provided to all occupations. Workers will learn continuous improvement techniques that will help them reduce costs, work in teams, lead teams, and find root causes of problems in the manufacturing environment.

**Manufacturing Skills (50%):** Training will be provided to all occupations. Training is fundamental to operational success and is focused on providing frontline workers the necessary skills and tools to build the highest possible quality products.

### **Request to Use Out-of-State Training Vendor**

ZOLL is requesting approval to use Lean Sensei, a training vendor from Vancouver, B.C., based on the following:

- The vendor has a history with the company since 2011 to evaluate Continuous Improvement/Lean processes by comparison with a global standard;
- The vendor has customized training for the Company to standardize and improve processes;
- Breaking this multi-year continuous improvement process would be detrimental to the company's long term productivity goal; and
- Choosing another vendor would require starting all over again.

**Commitment to Training**

ZOLL currently has an annual training budget of \$235,500 and includes training in the areas of safety, injury prevention, hazardous waste management, CPR/First Aid/AED, ergonomics, workplace violence, accident investigation, and harassment prevention.

The Company 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**

The project will be administered jointly by the HR department and the operations management team. A third party administrator, Integrated Solutions, will provide administration assistance and guidance throughout the process.

**RECOMMENDATION**

Staff recommends approval of this proposal and the out-of-state vendor request.

**DEVELOPMENT SERVICES**

ZOLL retained Integrated Solutions in Redwood City to assist with development of this proposal for a flat fee of \$6,000.

**ADMINISTRATIVE SERVICES**

ZOLL also retained Integrated Solutions to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

**TRAINING VENDORS**

ZOLL requests Panel approval to retain Lean Sensei of Vancouver, B.C. to provide Continuous Improvement training for a fee of \$55,000. Other trainers will be identified for ETP record-keeping purposes, as they are retained.

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

8–200 Trainees may receive any of the following:

**BUSINESS SKILLS**

- CAPA (Corrective Action Preventative Action)
- Document Control
- Risk Assessment
- Root Cause Analysis

**CONTINUOUS IMPROVEMENT**

- 5S
- Kaizen
- Lean Manufacturing
- Non-Conforming Material
- Problem Solving
- Process Improvement
- Product Knowledge
- Root Cause Analysis
- Standardized Work
- Visual Controls

**MANUFACTURING SKILLS**

- Calibration Procedures
- Environmental Equipment Operation
- ESD (Electrostatic Discharge)
- Final Product Assembly and Test
- Manufacturing Mechanical Assembly
- Process Documentation
- Product Quality Standards
- Quality Inspection/Assessment
- Routers/Process Flow
- Standardized Work/Work Instructions
- Test Equipment Operation and Maintenance
- Tool Usage and Maintenance

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