

**DELEGATION ORDER**



**Training Proposal for:  
Architectural Wood Design, Inc.  
Small Business: ET10-0299**

Approved: **November 2009-1**

ETP Regional Office: **Sacramento**

Analyst: J. Basquez

**CONTRACTOR:**

- Type of Industry: Manufacturing
  - Contractor's # of Full-Time Employees
    - *California:* 45
    - *Worldwide:* 45
    - *Number to be trained:* 45
  - Turnover Rate: 26%
  - Repeat Contractor:  Yes  No
- Priority Industry:  Yes  No

**CONTRACT:**

- Training Project Profile: Priority/Retrainee
- ETP Funding Amount: \$45,630
- In-Kind Contribution: \$32,400
- Average Cost per Trainee: \$1,014
- Post Retention Wage: \$13.95
- Health Benefits: \$1.95 per hour
- Occupations to be Trained: Clerical Staff, Fabricators, Finishers, Installers, Sales Staff

- Training Menu:
 

<input checked="" type="checkbox"/> Business Skills	<input type="checkbox"/> Literacy Skills
<input type="checkbox"/> Commercial Skills	<input type="checkbox"/> Management Skills
<input checked="" type="checkbox"/> Computer Skills	<input checked="" type="checkbox"/> Manufacturing Skills
<input checked="" type="checkbox"/> Cont. Improvement	<input type="checkbox"/> Other:
  
- Range of Hours: 8 - 60 Weighted Average: 39
- Multiple Job Numbers:  Yes  No
- County(ies) Served: Fresno
- Union Representation:  Yes  No
- Subcontractor: Strategic Business Solutions LLC, Exeter, will provide Administration Services for a fee not to exceed 13% of payment earned.
  
- Third Party Services: Strategic Business Solutions LLC will also provide Training Development for a fee of \$3,500.

## **INTRODUCTION**

Architectural Wood Design, Inc. (AWD) specializes in the production of custom cabinetry and countertops. This includes; commercial cabinetry, countertops and woodworking for hospitals, education facilities, and professional offices. AWD operates out of Fresno and distributes throughout the central valley. The company works closely with its clients to ensure its products and services exceed customer expectations.

The company's goal is to move to a high performance workplace. To make this transition, AWD must adapt internally so that it can increase efficiency. AWD recognizes the need to improve communication at all levels of the company, as well as, improve its relationships with its customers.

In order to meet these challenges, AWD must train its workers in a combination of Business, Computer, Continuous Improvement, and Manufacturing skills. An average of 39 hours of training per trainee for the entire workforce will be provided by expert in-house staff.

AWD is eligible for standard retraining as a NAICS identified manufacturer as outlined under Title 22, California Code of Regulations (CCR), Section 4416(i)(1)

## **Turnover Rate**

The ETP program is designed to fund training for stable, secure jobs. Thus, the employer's turnover rate cannot exceed 20% annually for the facility where training is requested. But the Panel may accept a higher turnover rate if the employer provides evidence that the proposed training will significantly decrease the turnover, or if the employer experienced a recent significant reduction in force, or if industry data supports a higher turnover rate. (Title 22, CCR, Section 4417(a).)

In the previous year, AWD experienced turnover at a rate of 26%. The construction and mortgage industry melt-down forced AWD to lay off employees in order to stay in business. The

core group of employees retained will be crossed-trained to handle the expected increase of business as the economy starts coming back. No layoffs have occurred in the past 7 months.

Company representative's state AWD is implementing the following changes to reduce and keep its turn-over rate below 20% and remain competitive in the California economy:

- Provide employee development and training with ETP financial assistance.
- Provide managers with leadership training, Team Building, Quality Control, and Lean Manufacturing Principles and Concepts.

If the Panel chooses to fund this training despite the company's high turnover rate, it may impose a penalty whereby failure to stay under a maximum rate will result in the loss of the final payment (25% of reimbursable costs). The maximum turnover rate is typically 20%, as measured by turnover during the final 12 months of the ETP Agreement. (Title 22, CCR, Section 4417(a).)

ETP may withhold the final 25 % of the cost per trainee amount, if the company can not maintain at least a 20 % turnover during the final 12 months of the Agreement.

### **RECOMMENDATION**

For the reasons set forth above, staff recommends approval of this proposal by the Executive Director in consultation with the Panel Chair (Delegation Order 2009-1). This will include the turnover penalty with a 20% trigger rate.

<p>Comments may be submitted by email at <a href="mailto:delegationorder@etp.ca.gov">delegationorder@etp.ca.gov</a>. You must identify the ET10 Number for this proposal in the subject line of your email. The deadline for submitting comments on this proposal is November 18, 2009.</p>
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