



**Training Proposal for:  
 SYSCO Central California, Inc.  
 Agreement Number: ET12-0281**

Panel Meeting of: **January 27, 2012**

ETP Regional Office: **Sacramento**

Analyst: J. Daunt

**PROJECT PROFILE**

Contract Attributes: Retrainee  
 Job Creation Initiative  
 SET  
 HUA

Industry Sector(s): Services

Counties Served: Stanislaus

Repeat Contractor:  Yes  No

Union(s):  Yes  No

Priority Industry:  Yes  No

No. of Employees in CA: 4,500

No. of Employees Worldwide: 46,300

Turnover Rate %	Manager/Supervisor %
16%	N/A

**FUNDING DETAIL**

Program Costs	Substantial Contribution	Total ETP Funding
\$249,060	\$0	\$249,060

In-Kind Contribution
\$316,000

**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 SET HUA	Business Skills, Computer Skills, Continuous Improvement	153	24-200	0	\$1,080	\$14.39
				Weighted Avg: 72			
2	Retrainee Job Creation Initiative	Business Skills, Computer Skills, Continuous Improvement	33	24-200	0	\$2,540	\$11.78
				Weighted Avg: 127			

**Minimum Wage by County:** Job Number 1 Retrainees: \$14.39 per hour Stanislaus County; Job Number 2 Job Creation Retrainees: \$11.78 per hour Stanislaus 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

Employer-paid health, dental, and/or vision benefits of \$4.14 per hour for Job Number 1, and of \$1.79 for Job Number 2, may be added to a trainee's wages, in order to meet the ETP minimum hourly wage of \$14.39 for retrainees and \$11.78 for Job Creation Retrainees.

Wage Range by Occupation	
Occupation Title	Wage Range
Administrative Staff	
Customer Service Staff	
Support Staff	
Technical Staff	
Transportation Staff	
Warehouse Staff	
Marketing Associates	
Frontline Leads	
Administrative Staff Job Creation	
Customer Service Staff Job Creation	
Support Staff Job Creation	
Technical Staff Job Creation	
Transportation Staff Job Creation	
Warehouse Staff Job Creation	
Marketing Associates Job Creation	
Frontline Leads Job Creation	

## **INTRODUCTION**

In this proposal, Sysco Central California, Inc. (hereafter Sysco Central or the company) seeks funding for retraining as outlined below.

Begun in 1938, Sysco Central warehouses, distribute, and deliver a broad range of food products, beverages, food-service equipment, and supplies to restaurants, schools, hotels, assisted-living facilities, health care institutions, government facilities, and other businesses. Food and related products include, but are not limited to, fresh and frozen meat, poultry, seafood, fruits and vegetables, canned and dry products, paper and disposable products, cleaning supplies, kitchen equipment, and medical supplies.

Sysco Central is eligible under the Special Employment Training Provisions outlined in Title 22, California Code of Regulations (CCR), Section 4409. [High Unemployment Area (HUA) status is established due to the company's location in Modesto, Stanislaus County, with a county-wide unemployment rate significantly higher than the already high statewide rate.] This project will also train newly hired workers under the Retrainee Job Creation guidelines, utilizing SET funds with the standard New Hire minimum wage and reimbursement rate.

### **Need for Training**

Applications from three other SYSCO Corporations in California have been submitted to ETP this fiscal year for the January Panel Meeting and Sysco LA went to the December Panel. Total funding amount for Sysco central when combined with funding requested on behalf of the other Sysco facilities, will not exceed \$1,200,000. The parent company, SYSCO Corporation, headquartered in Houston, Texas, has a network of 180 facilities throughout the United States and Canada. As part of this network, Sysco Central is under pressure to reduce costs and increase sales. Increasing expenses, such as rising fuel prices, have negatively affected the company's profitability.

According to company representatives, SYSCO Corporation has embarked on a multi-year Business Transformation Project, in which an integrated software system is being developed and implemented, to support a majority of the business. This is an Enterprise Resource Planning (ERP) system, which company officials have determined will allow Sysco Central and other Sysco facilities to be designed to improve productivity and increase sales.

In addition, in the transportation segment of the business, Handheld Barcode Scanners are being introduced, to confirm the timely delivery of products to the correct customers. The goal is to improve delivery and logistics accuracy.

Also, company officials have determined that an effective way to increase sales is to expand into new markets. With the goal of increasing sales volume, Sysco Central will seek new customers who have not been approached in the past, in a number of ways including sales activities over the internet. Customers will be encouraged to place orders online.

Employee training is an integral step in effective implementation of these changes. As a result, Sysco Central is proposing to train 153 trainees in a high unemployment area, and 33 newly hired job creation retrainees, in an occupational training program.

## **PROJECT DETAILS**

Training will be provided in a menu curriculum encompassing Business Skills, Computer Skills, and Continuous Improvement, all of it in the class-lab format, as follows:

**Continuous Improvement** training is comprised of inspection procedures, kaizen, quality assurance, waste reduction, setting priorities, resolving customer problems and related topics. The company has determined that continuous improvement is critical to its success. Employees must be trained on resolving customer problems, in order to improve service quality and customer satisfaction. In addition, SYSCO Corporation began a Continuous Improvement program, called the "Business Transformation Project," to be implemented throughout the international organization. Also known as "Project 212," the objective is to improve productivity in all aspects of the business. Training will be provided in improving procedures in conjunction with computer systems and networks. Company representatives state that increased customer satisfaction will increase sales, as well as expanded business with existing customers. The following occupations will receive continuous improvement training: administrative staff, customer service staff, leads, marketing associates, support staff, technical staff, transportation staff, and warehouse staff.

**Computer Skills** training will include external web-based applications, internal web-based applications, intermediate and advanced MS Office and/or Outlook, order processing, order transmission, production applications, software testing and similar training topics. Sysco has determined that employees need to be trained on the new SAP Business Transformation software, according to company representatives. This involves an integration of computer systems, computer technology, internet technology, and related application, with implementation scheduled for 2012. Sysco Central officials state that training on optimal usage is required. Representatives add that the proposed computer skills training will allow Sysco employees to access customer information they need in order to manage accounts effectively, and will be provided to the following occupations: administrative staff, customer service staff, leads, marketing associates, support staff, and technical staff.

**Business Skills** training will include consultative selling, customer satisfaction, change management, merchandising, restaurant operations, need satisfaction selling, restaurant operations, transportation operating procedures, warehouse operating procedures and related training topics. Company representatives state that Business Skills training will allow marketing associates to better serve their customers. Providing customers information on how to operate more cost effectively will allow restaurant owners to increase profits. The restaurant owners will rely on Sysco for more products and services and build an improved vendor-supplier relationship. The representatives add that the company's vision is: "To be our customers' most valued and trusted business partner." The following occupations will receive business skills training: marketing associates, customer service representatives, administrative staff, and support staff.

### **Commitment to Training**

Sysco Central represents that ETP funds will not displace the existing financial commitment to training. Company representatives state that current training includes general safety, sexual harassment prevention, environmental awareness, first aid, company orientation basic company policies and related training, none of which is included in the current proposal.

The current training budget is \$100,000. In addition, the company will spend \$35,000 on mandated training, which is not included in the current application.

Sysco Central represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

**Retrainee - Job Creation**

In support of Job Creation, the Panel is offering incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program in Fiscal Year 2011-2012, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

In this proposal, Sysco Central has committed to hiring 33 new employees, as shown in Job Number 2. To be eligible for reimbursement under this Job Number, the trainees must be hired within the three-month period prior to Panel approval, or throughout the agreement term, as long as training and retention are completed within the term. At the time of enrollment for Job Creation Retrainees, Sysco Central must report the date-of-hire in the ETP On-Line Forms system. A turnover rate penalty will not be assessed.

**High Unemployment Area**

The 186 trainees in Job Numbers 1 and 2 work in a High Unemployment Area (HUA), Stanislaus County. This is a region with an unemployment rate of 15.5%, which exceeds the statewide average of 10.9% by 42%, under the Panel's standards as stipulated in Title 22, CCR, Section 4429(b). The determination of HUA status is based on unemployment data from the Labor Market Information Division of the Employment Development Department (EDD). Sysco Central's location in Modesto, Stanislaus County qualifies for HUA status under these standards. However, the company is not asking for a wage and/or retention modification.

**RECOMMENDATION**

For the reasons set forth above, staff recommends approval of this proposal.

**DEVELOPMENT SERVICES**

Sysco central retained National Training Company in Irvine to assist with development of this proposal for a flat fee of \$5,000.

**ADMINISTRATIVE SERVICES**

National Training Company will also perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

**TRAINING VENDORS**

N/A

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

24-200

Trainees may receive any of the following:

**CONTINUOUS IMPROVEMENT**

- Inspection Procedures
- Interpersonal Communications
- Kaizen
- Business Transformation Project - Project 212
- Resolving Customer Problems
- Setting Priorities
- Supply Chain

**COMPUTER SKILLS**

- Computerized Inventory
- Customer Relationship Management
- Internal Web Based Applications
- MS Office/Outlook Upgrade to 2010 (Intermediate and Advanced)
- Order Transmission
- Production Applications
- SAP Enterprise Resource Planning (ERP) Software
- Software Testing
- Sysco Market

**BUSINESS SKILLS**

- Business Reviews
- Consultative Selling
- Enutrition
- Food Safety
- Handheld Barcode Scanner Computerized Glove
- Internet Marketing
- Merchandising
- Need Satisfaction Selling
- Operating Procedures
- Restaurant Operation
- Transportation Operating Procedures

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