



**Training Proposal for:
The Clorox Company
Agreement Number: ET10-0238**

Panel Meeting of: **October 23, 2009**

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

Analyst: T. Teles

PROJECT PROFILE

Contract Type: Priority/Retrainee Industry Sector(s): Manufacturing

Counties Served: Alameda, Los Angeles, Solano Repeat Contractor: Yes No

Union(s): Yes No Priority Industry: Yes No
The International Chemical Worker Union Council, Local 1

No. Employees in CA: 1,583

No. Employees Worldwide: 8,287

| Turnover Rate | Manager/Supervisor |
|---------------|--------------------|
| 12% | 15% |

FUNDING DETAIL

| Program Costs | Substantial Contribution | Total ETP Funding | In-Kind Contribution |
|---------------|--------------------------|-------------------|----------------------|
| \$714,096 | \$357,048 | \$357,048 | \$375,048 |

TRAINING PLAN TABLE

| Job No. | Job Description (by Contract Type) | Type of Training | Estimated No. of Trainees | Range of Hours | | Average Cost per Trainee | Post-Retention Wage |
|---------|------------------------------------|---|---------------------------|------------------|------|--------------------------|---------------------|
| | | | | Class / Lab | CBT | | |
| 1 | Priority/Retrainee | Advanced Technology; Business Skills; Computer Skills; Continuous Improvement; Manufacturing Skills | 522 | 24-200 | 0-24 | \$684 | \$13.00 |
| | | | | Weighted Avg: 76 | | | |

Minimum Wage by County - \$14.18 for Alameda and Los Angeles counties, \$13.00 for Solano 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

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

| Wage Range by Occupation | |
|-------------------------------|------------|
| Occupation Title | Wage Range |
| Administrative/Business Staff | |
| Engineer/Technical Staff | |
| Production Staff | |
| Director | |
| Manager/Supervisor | |

INTRODUCTION

In this proposal, The Clorox Company (Clorox) seeks funding for retraining as outlined below:

Established in 1913 in Oakland, Clorox Company manufactures household laundry, cleaning supplies, retail food products, charcoal, insecticides, cat litter, water filtration systems, and personal care products. Its major customers are Albertsons, Target Corporation, and Wal-Mart Stores and its products are sold in more than 70 countries. Clorox has 1,583 employees in California working at its headquarters in Oakland and at three manufacturing and research and development locations in Fairfield, Pleasanton, and Los Angeles.

This will be the third project for Clorox Company within the past five years and a substantial contribution of 30% has been applied.

The company qualifies for standard ETP funding as a manufacturing company facing out-of-state competition under Title 22, California Code of Regulations, Section 4416(b). The employees at Clorox's Los Angeles facility are represented by The International Chemical Worker Union Council, Local 1, which has reviewed and approved this proposed training plan and provided a letter of support. Fairfield and Pleasanton do not have union representation.

PROJECT DETAILS

Company representatives state that to stay competitive, respond to customer demand, increase market share, and retain valued employees, Clorox is asking for funding to train 522 employees to integrate green and natural care products, to continue working on sustainable packaging, and to implement new technologies. Although the types of training appear to be the same as in past projects, this project focuses on different aspects of manufacturing, different markets, and new technologies.

Entry into the green market and the natural personal care market: Clorox created Green Works™, a line of natural cleaners. The ingredients in these products must come from renewable resources, be biodegradable, and free of petrochemicals. Clorox entered the natural personal care market when it acquired Burt's Bees. Manufacturing natural cleaners and natural personal care products presents manufacturing challenges that require special training and processes.

Sustainable packaging (recycling and waste reduction): The company has reduced the environmental impact of packaging and display materials. Today, 90% of U.S. product cartons are made from 100% recycled content and most U.S. retail display materials are made from 100% post-consumer waste. This includes reducing the amount of "raw" plastic resin used in bottles and canisters. The goal is to cut resin use by more than 5 million pounds per year. The company is also working on plans to reduce the amount of packaging materials used in many Glad trash bag products.

New technologies: To retain customers and respond to ever increasing demands for immediate feedback on supplies, delivery, and product specifications, Clorox has several new technologies: Trade Promotion Management and Effectiveness, a system that will work closely with the company's Enterprise Resource Planning system to streamline logistics and maximize global product movement. Product Data Management will provide the customers with detailed product information via computer. Radio Frequency Identification will track products around the globe. Products will be labeled and tracked via radio frequency to allow customer to identify the location of inventory. Transportation Management System will provide data to better manage transportation and inventory costs and will offer customers accurate cost information, inventory status, and product statistics. Human Capital Management systems will allow the company to manage personnel, share data throughout the organization, and collaborate with other business partners.

Advanced Technology training was included in the previous project, but Clorox was only able to deliver 1,700 hours because the implementation was delayed due to problems with the technical tools and systems. In 2009, Clorox allocated over \$70 million dollars to design and support the expansion of the SAP platform and integrate business and financial systems. The ETP funds will ensure the timely implementation of the systems and tools. Training will be provided to engineers who will design and manage the new systems and tools.

Business Skills will provide training related to lean and green manufacturing and is a different focus from training in the previous project. These changes have profound implications on the

design and operations of the supply chain, planning, and marketing logistics. By training marketing and technical employees on new marketing and planning tools, Clorox would gain market share and quickly adapt to consumer demands.

The Computer Skills identified in this project will focus on managing sophisticated data, maintaining data servers, updating SAP tools and programming systems related to the company's proprietary computer system. Engineers and other employees who use these systems must learn new computer tools to provide customers with current data. The training on proprietary computer systems will enable Clorox to expand data management into additional markets.

Continuous Improvement training will cover quality improvement and leadership skills. Clorox is implementing quality process improvements for all of employees. The training will enable the employees to identify a problem related to a process or product and provide the customer with a value-based solution in a timely manner. Additionally, Clorox must provide a standardized leadership training program to demonstrate continuing commitment to empowering employees by providing communication and leadership skills across the company.

Manufacturing Skills will address the change to green and natural products by training production employees, engineers, and managers in updated manufacturing practices, packaging/shipping, inventory management, and equipment operation. Further, the manufacturing skills training will continue the just-in-time practices in the manufacturing process. Clorox has made a serious commitment to World Class Manufacturing in order to continue to own and operate manufacturing facilities in California. The training will ensure that the company continues to manufacture products efficiently and supports the company's current cost cutting processes.

Advanced Technology

The AT skills will enable staff to use the tools required to customize and manage internal systems. Key engineers will receive 40 to 60 hours of training and these engineers will then train the remaining employees. Clorox is requesting the reimbursement rate of \$26 per hour for these courses as AT courses are far more costly to deliver than typical classroom training because they require the use of specialized software, manuals, and training materials. These courses will be delivered by internal trainers and vendors. The estimated cost for a 40 hour vendor delivered course is \$1,200 to \$2,500 per person. The trainer-to-trainee ratio is 1:10 for AT to allow in-depth coverage and personal attention from the instructor.

Commitment to Training

The current training budget covers new employee orientation, basic introductory product training, on-the-job training, and special requests. The company also funds safety, compliance, and other mandatory training. The annual training budget for California is \$3,132,790.

Clorox represents that ETP funds will not displace the existing financial commitment to training. Indeed, Clorox anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

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

High Unemployment Area

Some trainees in Job Number 1 work in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by at least 25%, using the unemployment rate set by the Labor Market Information Division of the Employment Development Department. (Title 22, CCR, Section [4429\(b\)](#).)

However, Clorox is not asking for a wage and/or retention modification.

Substantial Contribution

Clorox is a repeat contractor with payment earned in excess of \$250,000 and a former Substantial Contribution at the 30% level, at the Fairfield, Pleasanton, and Los Angeles facilities, within the past five years (See Prior Project Table). Accordingly, reimbursement for trainees at these facilities in Job Number 1 will be reduced by 50% to reflect the company's \$357,048 Substantial Contribution to the cost of training. The Panel's September 25, 2009 action requires that applicants be assessed the maximum substantial contribution.

Temporary to Permanent Hiring

Some trainees in Job 1 come under Panel guidelines for "temporary to permanent" employment. The company has retained these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. (Unemployment Insurance Code Section 10201(c).) However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by the company. Until then, the company will not receive progress payments.

RECOMMENDATION

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

PRIOR PROJECTS

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

| Agreement No. | Location (City) | Term | Approved Amount | Payment Earned |
|---------------|---------------------------------|-------------------|-----------------|----------------|
| ET05-0148 | Oakland, Los Angeles, Fairfield | 09/06/04-09/05/06 | \$1,519,050 | \$1,440,846 |
| ET07-0300 | Oakland, Los Angeles, Fairfield | 03/06/07-03/05/09 | \$1,529,280 | \$1,213,215 |

ET05-0148 – The Contractor earned 89% of the Agreement amount.

ET07-0300 – The Contractor earned 79% of the Agreement amount.

DEVELOPMENT SERVICES

The company retained California Training Administration in San Jose to assist with development of this proposal for a flat fee of \$7,500.

ADMINISTRATIVE SERVICES

The company retained California Training Administration in San Jose to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours (24-200 Hours)

Trainees will receive any of the following:

ADVANCED TECHNOLOGY (1:10 ratio)

Clorox Custom Proprietary Systems (AT Skills*)

- Human Capital Management Systems
- CAS (Shelving Assortment System)
- End to End (Sales & Planning)
- Enterprise Software, ERP
- Hyperion Financial Systems
- Oracle Business Intelligence
- SharePoint Development
- Trade Promotions Management (TPM by SAP)
- Trade Promotion Effectiveness (TPE by Oracle)
- SAP Integration & Updated Modules
- Packaging Technical Design Tools
- Knowledge Management Systems (Ishare, TimePower, etc)
- SRM (Supply Relation Tools)
- Product Data Management System
- Radio Frequency Identification
- Transportation Management System (Nistevo)

***Systems Training includes**

- Customization/Planning
- System Configuration/Management
- System Logistics

BUSINESS SKILLS (1:20 ratio)

Research & Development/Engineering Skills

- Create/Manage Global Capability
- Develop/Test Biodegradable Plastics
- Green Product Design
- Open Innovation/New Technologies
- Product/Packaging Design
- Product Innovation & Engineering
- R&D Team Planning & Technology Update

Marketing Solutions & Strategies

- PSO Process (Product Supply Organization)
- MID Process (Marketing Intelligence Dept.)
- GSS Process (Global Strategic Sourcing)
- Advanced Analytics
- Blue Sky Brand Development
- Global Product Supply & Marketing
- GreenWorks Product Awareness
- Integrated 3D Insights
- Multi Cultural Marketing
- New Product & Technology
- Integrated Insights
- Shopper Marketing/Brand Loyalty
- Technical Marketing Techniques

COMPUTER SKILLS (1:20 ratio)

- **Computer Systems & Tools**
- - CAS (Shelving Assortment System)
- - End to End (Sales & Planning)
- - Enterprise Software
- - Hyperion Financial System
- - Treasury System
- - SAP Integration
- - Oracle Tools
- - SRM (Supply Relations Management Tool)
- - Trade Funds
- - Tru-Cost
- Data Collection Automation
- Financial/Accounting Tools
- Government Management Tools (Risk Analysis)
- IT Architecture Solutions
- Master Data Management Tools
- Microsoft Office Tools (Intermediate/Advanced)
- Online Applications (Web Conferencing/Internet)
- Planning Tools/Forecasting
- Portal Technology
- Project Support/IS Road-mapping
- Research Tools
- SharePoint/Share
- Solutions Manager Tool
- Supply Chain Tools
- Technical Solutions (Designs & Integration)
- TimePower (Payroll Tracking System)
- Trade Spending Reporting Tools
- Vista
- World Class Close (WCC)
- World Class Planning (WCP)

MANUFACTURING SKILLS (1:20 ratio)

- Clean Room (Bleach, Chlorine, Mercury, Lead)
- Cross-Training Production Equipment
- Equipment Operation/SafeStart
- Label Process & Controls
- Lean Manufacturing Techniques
- Packaging/Shipping/Inventory Processes
- Product Transfer/ WorkFlow
- Production Floor Processes
- Proper Manufacturing Practices (PMP)
- Restricting of Hazardous Substances
- Testing & Troubleshooting Skills
- Warehouse & Inventory

CONTINUOUS IMPROVEMENT SKILLS (1:20 ratio)

- Audit Prep & Quality
- Consumer Strategy
- Change Management
- Customer Satisfaction/Client Services
- Green Technology Improvements
- Employee Effectiveness
- Information Analysis
- Materials/Procurement
- Negotiating Fundamentals
- New Product Overview
- Partnerships & Outsourcing Process
- Presentation Skills
- Process Improvements/Workflow
- Procurement Process Improvements
- Strategic Alignment
- Production Training (Application of Skill)
- Program Management
- Project/Process Management
- Quality 101 Concepts (Lean, SPC, Six Sigma, Kaizen)
- Risk Management
- New Operating Model (design & implementation)
- SPACE (Safety, Product Quality, Availability, Cost, Enabling)
- Team Meetings for Knowledge Transfer
- Teams & Work-Group Problem Solving Events
- Workplace Communications
- Leadership/Coaching
 - - Activating Organization Model
 - - Diamond Leadership Solutions
 - - Effectiveness & Diversity
 - - Employee Effectiveness & Efficiency
 - - Employee Engagement
 - - People Manager Capability
 - - Performance Improvements
 - - Manager Development Tools (UPerform)
 - - Individual Contributor Capability Development

CBT Hours

(0-24 Hours)

Trainees will receive any of the following:

COMPUTER SKILLS CBT

- Computer Systems 1 hr
- Data Collection 1 hr
- Finance Tools 1 hr
- Hyperion 1 hr
- IT Solutions 1 hr
- Online Applications 1 hr
- Planning Tools 1 hr
- Reporting Tools 1 hr
- Research Tools 1 hr
- Road Mapping 1 hr
- Supply Chain Tools 1 hr

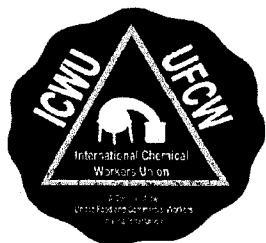
MANUFACTURING SKILLS CBT

- Clean Room 1 hr
- Cross-Training 1 hr
- Proper Manufacturing Practices 1 hr
- SafeStart 1 hr

CONTINUOUS IMPROVEMENT CBT

- Client Services 1 hr
- Customer Satisfaction 1 hr
- Sales Manager Process 1 hr
- Employee Engagement 1 hr
- Information Analysis 1 hr
- Quality Concepts 1 hr
- Performance Improvements 1 hr
- Process Improvements 1 hr
- Risk Management 1 hr

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



**INTERNATIONAL CHEMICAL
WORKERS UNION COUNCIL**
FRANK CYPHERS, PRESIDENT

John Lewis, Vice President & Regional Director, Region I
Phone (951)927-7208 FAX (951)927-7208

June 10, 2009

Creighton Chan
Employment Training Panel
1065 East Hillsdale Blvd. #415
Foster City, CA 94404
Los Angeles, Ca 90023

Re: The Clorox Company

Dear Mr. Chan:

The Chemical Workers have reviewed the training materials for the Clorox Company's Computer Skills, Manufacturing, Business Skills and Advanced Technology program and agree and support the training program.

If you have any questions, please contact me.

Sincerely,

John Lewis, Vice President
International Chemical Workers Union Council/UFCW

cc: Local 1
Todd Shamitko
File

43765 Orinoco Ln.
Hemet, CA 92544

EMPLOYMENT
JUN 12 REC'D
TRAINING PANEL