



**Training Proposal for:  
Improvement Direct  
Agreement Number: ET10-0250**

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

ETP Regional Office: **Sacramento**

Analyst: K. Muraki

**PROJECT PROFILE**

Contract Type:     Retrainee

Industry Sector(s):     Services

Counties Served:     Butte

Repeat Contractor:      Yes    No

Union(s):      Yes    No

Priority Industry:      Yes    No

No. Employees in CA:     159

No. Employees Worldwide:     75,943

Turnover Rate	Manager/Supervisor
25%	8%

**FUNDING DETAIL**

Program Costs	Substantial Contribution	Total ETP Funding
\$81,900	\$0	\$81,900

In-Kind Contribution
\$936,080

**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	Retrainee	Business Skills, Commercial Skills, Computer Skills, Continuous Improvement, Advanced Technology	156	24 - 200	0	\$525	\$13.00
				Weighted Avg: 35			

**Minimum Wage by County:** ETP minimum wage is \$13.00 per hour for Butte 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

\$2.00 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation	
Occupation Title	Wage Range
Administrative Staff	
Inside Sales/Account Manager	
Marketing	
IT Programmer/Developer	
Managers	

**INTRODUCTION**

In this proposal, Improvement Direct seeks funding for retraining as outlined below:

Improvement Direct operates as an independent e-commerce division of Wolseley plc - North America (Wolseley), a large international distributor of building equipment, with a primary focus in plumbing and heating supplies. This e-commerce division was founded in 2000 by Christian Friedland and David Boctor as a Master’s Degree project in Computer Science at California State University Chico.

Improvement Direct has grown from a micro business to a business with 159 employees and approximately \$100 million in annual revenue. Since the company provides only e-commerce services, representatives assert that it must make quick and effective changes constantly based on new technology and the latest trends. To meet customer demand and remain competitive, Improvement Direct is implementing the following: 1) Transitioning from an in-bound customer service business process to a totally web-based internal marketing/sales model to effectively integrate with the company’s e-commerce process; 2) Relocating its data center; and 3) Transitioning from stand alone servers to virtual servers and Linux. As part of the company transition, the company has invested over \$550,000 in hardware and software within the IT

department; an additional \$250,000 for business and computer software upgrades; and \$37,800 for marketing software upgrades.

Improvement Direct is eligible for standard retraining as a company primarily engaged in providing services directly to customers located both inside and outside of California as outlined under Title 22, California Code of Regulations (CCR), Section 4416(d) (3,4).

Improvement Direct will train at its headquarters located in Chico.

## **PROJECT DETAILS**

Improvement Direct's training goals are to remain competitive, and enhance productivity and efficiency. The company seeks to implement a structured training program to address current training needs and reduce its turnover rate.

The proposed training plan will provide employees with skills to address current changes and become effective team members. The change from call center to inside sales requires internal skills development and e-commerce product knowledge. Additionally, changing to a Linux-based website platform and moving into updated marketing software will require company-wide training.

**Business Skills** training will include all occupations in varied degrees of intensity for market and business strategies, business performance, communication skills, and customer service.

**Computer Skills** training will include all occupations to upgrade skills proficiency in overall business software packages as well as new software upgrades.

**Continuous Improvement** training will include all staff to provide problem solving, project management, leadership and process improvement training to enable employees to be proactive with their customer base as well as provide internal skill development within the company.

**Commercial Skills** training will include all occupations with a varying degree of intensity. Inside sales staff will focus on product knowledge to assist them in transitioning to the company's new internal marketing/sales model.

### **Advanced Technology (AT):**

Company representatives state that this training is specialized and customized to specific types of technology that the company currently uses and will use in the future. Training is very specific and technical, therefore, more expensive than other training modules. Training will include 35 IT Programmer/Developer staff and consist of ColdFusion programming, SQL database management and storage, and Linux training. These skills are crucial to the success of this on-line business. Skills will include working with and managing high band width, high availability data streams, and development of specific architecture design.

The trainer-to-trainee ratio is 1:10 for AT, to allow in-depth coverage and personal attention from the instructor.

### **Commitment to Training**

Company representatives state that the annual training budget is approximately \$392,350, primarily consisting of product knowledge, sales skills, company processes, software

development, sexual harassment prevention, and new-hire training. Training also included sending a few employees to expensive summit conferences to obtain very specific training. The annual budget is approximately \$392,350. Although the training did move the business forward, especially for IT employees, the combined training methods did not meet the company-wide training needs.

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

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

### **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 singular reduction in workforce, or if industry data supports a higher turnover rate. (Title 22, CCR, Section 4417(a).)

In the previous year, Improvement Direct experienced turnover at a rate of 25%. Company representatives state that due to the current economic downturn their turnover rate has been determined to be 25% in the last two years. Historically, the geographic area has a high turnover due to employment being more available in urban areas. Improvement Direct anticipates that training for inside sales and account manager occupations will provide performance tools for a more committed staff and thus it will retain more frontline workers. The company anticipates that ETP training will upgrade employee skills and provide an ongoing structured committed training program, thus reducing the turnover rate.

If the Panel chooses to fund this training, Improvement Direct understands that it will earn the final 25% payment for each trainee only if it achieves an average of 20% or less for the last 12 months of the Agreement.

### **RECOMMENDATION**

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

### **DEVELOPMENT SERVICES**

N/A

### **ADMINISTRATIVE SERVICES**

N/A

### **TRAINING VENDORS**

To Be Determined

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

24 – 200

**Business Skills**

- Market and Business Strategies
- Business Performance
- Communication Skills
- Customer Service

**Commercial Skills**

- E-commerce Product Knowledge

**Computer Skills**

- Marketing Software
- Payroll
- Accounting
- Purchase Order Tracking
- Sales Forecasting
- SEO – Business Intelligence

**Continuous Improvement Skills**

- Problem Solving
- Project Management and Methodology
- Project Requirements Analysis and Specifications
- Teambuilding
- Total Quality Management
- Process Improvement
- Decision Making
- Leadership Skills

**Advanced Technology**

- Coldfusion Web Programming
- Advanced Coldfusion
- SQL – Database and Storage
- Advanced SQL
- VMware
- NetApp
- Linux
- Omniture
- Tealeaf
- Jira

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