



Training Proposal for:
Ultimate Formulations Inc. dba Best Formulations
Agreement Number: ET10-0287

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

ETP Regional Office: **North Hollywood**

Analyst: J. Romero

PROJECT PROFILE

Contract Type: Priority/Retrainee

Industry Sector(s): Manufacturing

Counties Served: Los Angeles

Repeat Contractor: Yes No

Union(s): Yes No

Priority Industry: Yes No

No. Employees in CA: 225

No. Employees Worldwide: 225

| Turnover Rate | Manager/Supervisor |
|---------------|--------------------|
| 19% | 7% |

FUNDING DETAIL

| Program Costs | Substantial Contribution | Total ETP Funding |
|---------------|--------------------------|-------------------|
| \$159,030 | \$0 | \$159,030 |

| In-Kind Contribution |
|----------------------|
| \$220,798 |

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 | Business Skills, Computer Skills, Continuous Improvement, Manufacturing Skills | 95 | 24 - 200 | 0 | \$1,674 | \$14.18 |
| | | | | Weighted Avg: 93 | | | |

Minimum Wage by County: \$14.18 for Los Angeles 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

\$1.42 per hour may be used to meet the Post-Retention Wage.

| Wage Range by Occupation | |
|--------------------------|------------|
| Occupation Title | Wage Range |
| Production Staff | |
| Technical/Quality Staff | |
| Administrative Staff | |
| Supervisor/Manager | |

INTRODUCTION

In this proposal, Ultimate Formulations Inc. dba Best Formulations (UFI) seeks funding for retraining as outlined below:

Founded in 1984, UFI began as a product formulations laboratory and specialty ingredient supplier. Today, it has become a premier full-scale nutraceutical and pharmaceutical contract manufacturer and private labeler of thousands of branded, high quality nutritional and dietary supplements, including the manufacture of soft gels, tablets, capsules, powders, and dietary teas. It has also developed its own proprietary specialty products such as Q-Best and V-Gel.

UFI maintains a corporate office and manufacturing facility in City of Industry. They serve companies in and outside of California including Carlson, Country Life, Melaleuca, Nature's Sunshine, and Unicity by providing customized, proprietary formulations designed specifically to meet the needs of its customers and its method of distribution which require integrated manufacturing and packaging processes. The company is eligible for standard retraining as a manufacturer. (Title 22, California Code of Regulations, Section 4416(i).) UFI will be funded at the priority industry reimbursement rate.

PROJECT DETAILS

Training is a critical component to stay competitive and compliant in any industry, therefore, UFI continues to find ways to differentiate itself from its competitors by seeking ways to improve and expand its products and services. The company looks into developing new and unique products, bringing innovation to the industry, as well as distinguishing itself from other manufacturers by offering more value added benefits for its customers. UFI explores complementary manufacturing services, such as blister packaging, more robust powder packaging capabilities, liquid manufacturing, and effervescent manufacturing. Expanding into these services requires not only capital investment and technical knowledge, but also a strong operational foundation focused on Lean Manufacturing. Though diversifying capabilities allow the company to offer more to its customers, it is essential that its employees be given updated training in Continuous Improvement, Business Skills, Computer Skills and Manufacturing Skills to equip them with skills and tools to effectively perform more effectively and efficiently.

ETP funding greatly enhances the company's ability to provide proper training to its employees by partially removing the financial burden that is associated with training. This way, the company can focus on providing quality training, without having to worry too much about how long it will take before the trainees are able to generate revenue for the company.

Business Skills will be provided to all trainees. Administrative staff will need business performances skills to ensure that costs are controlled. Supervisors and Managers will take courses in project management to manage the entire production process effectively. All trainees will receive communications skills training to further achieve consistency and accuracy.

Computer Skills will be provided to all trainees to cover the existing Process Pro software as well as intermediate and advanced skills on several other software programs needed to improve the accuracy of internal operations. Employees will be trained in the implementation of the Material Resources and Planning System which will enable the company to minimize costs and streamline the order entry process.

Continuous Improvement training will be provided to all trainees to help increase productivity, improve product quality, and reduce waste. Lean Manufacturing will focus on three primary areas of training: Value Stream Mapping; Accounting for inconsistency; and application and training of Lean Principles. Training will also emphasize teamwork, leadership, and identification and analysis of problems which will build a strong team that is flexible, efficient, and effective.

Manufacturing Skills will be provided to all trainees and will cover various job scenarios that are typically encountered in custom manufacturing. The idea is to create a work force that has the ability to deliver quality results with minimal complications. The training will concentrate in the operation and preventive maintenance of equipment and machines, understanding Standard Operating Procedures, and Good Manufacturing Practices.

Commitment to Training

UFI represents that ETP funds will not displace its existing financial commitment to training. Indeed, the company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area and represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law. The company representative reports that approximately \$10,000 is budgeted for training for new employee orientation; safety training; basic job functions and product knowledge training; and informal on-the-job training or coaching.

RECOMMENDATION

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

DEVELOPMENT SERVICES

The company retained Training Funding Source in Seal Beach to assist with development of this proposal for a flat fee of \$8,000.

ADMINISTRATIVE SERVICES

N/A

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

24 – 200 Trainees may receive any of the following:

Manufacturing Skills

- HACCP (Hazard Analysis and Critical Control Point)
- Material Planning
- Production Equipment/Tools (Preventative Maintenance)
- Standard Operating Procedures
- Laboratory Testing Procedures

Continuous Improvement

- Leadership (includes coaching for change)
- Decision Making/Problem Solving
- Teambuilding
- Lean Manufacturing (includes supply chain, kaizen, value stream mapping)
- Quality Systems

Business Skills

- Communication Skills
- Cost Estimating and Accounting
- Marketing Research and Strategies
- Project Management
- Product Knowledge
- Planning
- Shop Floor Data Collection

Computer Skills

- Information Technology
 - Database Administrator Skills (includes development, performance, tuning)
 - Web Application Training
 - Network Management and Tools (includes LAN, wireless)
 - Operating Systems
- Process Pro
 - Software Performance and Tuning
 - Production Management and Reporting Software
- MS Office Intermediate and Advanced
- Human Resources Information System
- Materials Requirement (MRP) and Process Mapping

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