



Washington State  
Liquor Control Board

Washington State  
Liquor Control Board  
**Strategic Plan**  
**FY2009-11**



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## A Message from the Washington State Liquor Control Board

We are pleased to present to you the 2009-11 Washington State Liquor Control Board (WSLCB) Strategic Plan. This plan outlines the agency's strategic initiatives to achieve its vision, mission and goals.

The Board established three overarching themes that prioritize the initiatives of the agency during the 2009-11 Biennium.

1. **Public Safety:** The Board's top priority is to promote public safety by aggressively pursuing initiatives that further that goal, such as:
  - Education and outreach to parents to promote informed decision-making that prevents underage drinking;
  - Targeted enforcement resources to keep pace with the growth of nightclubs;
  - Building research capability to establish sound policies and take advantage of best practices from around the world.
2. **Regulatory Reform:** The Board will pursue the simplification and modernization of existing alcohol-related laws and regulations.
  - Our goal of regulatory reform is to ensure laws and regulations are effective and flexible while meeting the needs of today's dynamic social and business environment.
3. **Agency Operations:** The Board will take action to improve agency operations and business growth to ensure a steady return of revenue to the state and local communities.

We thank our 1,450 full- and part-time employees for their enthusiasm, energy and commitment to continued improvement. We also appreciate the continuing support and comments we receive from the public, our stakeholders, Governor Gregoire and the Legislature as we work to achieve our public safety and revenue-generating goals.

Sincerely,

Lorraine Lee  
Chairman

Roger Hoen  
Board member

Ruthann Kurose  
Board member



## Vision, Mission, Goals, Values

### Vision

We strive to make Washington communities safe by being:

- A recognized **national leader** in alcohol and tobacco regulation, business operation and public safety;
- A **model employer** where employees grow and thrive; and
- A **collaborative partner** that establishes effective and lasting solutions.

### Mission

Contribute to the safety and financial stability of our communities by ensuring the responsible sale, and preventing the misuse of, alcohol and tobacco.

### Goals

Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies as well as ensuring they are easy to understand, effective and reflect today's dynamic environment.

Maximize financial return to the state and local government by running an efficient business operation.

Recruit, develop, retain and value a highly competent and diverse workforce capable of responding quickly and effectively to challenges in our business and regulatory environment.

Create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data driven decisions, and business initiated process improvement including the use of integrated technology.

Promote a workplace that keeps employees safe and reduces agency liability through an integrated program of risk management, safety and wellness.

### Values

Respect for people

Professionalism and integrity

Honest and open communication

Internal and external accountability

Measurable and meaningful results

Public trust and stakeholder involvement

# Section I: Overview and Establishing Legislation

Following Prohibition, the 1933 Steele Act created the Washington State Liquor Control Board (WSLCB) to regulate the importation, manufacture, distribution and sale of alcohol. The WSLCB has since carried out its balanced mission to promote public safety and generate revenue. The agency's establishing legislation can be found under RCW 66.08.012.

The agency is led by a three-member board appointed by the Governor for six-year terms. The agency's day-to-day operations are overseen by an administrative director.

## Major Lines of Service

Division	Products and Services
<b>Board</b>	<ul style="list-style-type: none"> <li>Establishing policy, rules and legislative proposals</li> <li>Adjudication</li> </ul>
<b>Director's Office</b>	<ul style="list-style-type: none"> <li>Media relations and communications</li> <li>Public records/disclosure responses</li> <li>Forms/graphics/Web support</li> <li>Legislative analysis and support</li> <li>Performance accountability</li> <li>Policies, procedures and rule development</li> <li>Tribal relations</li> <li>Alcohol awareness</li> </ul>
<b>Licensing and Regulation</b>	<ul style="list-style-type: none"> <li>Customer service for license requests</li> <li>Licensing investigations</li> <li>Licensing and permits for retail/non-retail</li> <li>Mandatory Alcohol Server Training (MAST)</li> <li>Alcohol Impact Areas (AIA)</li> </ul>
<b>Administrative Services</b>	<ul style="list-style-type: none"> <li>Budget development and tracking</li> <li>Audit/loss prevention and security</li> <li>Risk management</li> <li>Tax collection and reporting</li> <li>Financial compliance and reporting</li> <li>Accounts payable/payroll</li> <li>Procurement/contracts</li> <li>Facilities and mailroom</li> <li>Information technology services</li> </ul>
<ul style="list-style-type: none"> <li><b>Finance</b></li> <li><b>Support Services</b></li> <li><b>Information Technology</b></li> </ul>	
<b>Enforcement and Education</b>	<ul style="list-style-type: none"> <li>Compliance/premise checks</li> <li>Retail, non-retail, and tobacco tax enforcement</li> <li>Education and on-premise training of licensees</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>Recruitment and community support activities</li> <li>Employee development and training</li> <li>Diversity/Affirmation Action</li> <li>Wellness coordination</li> <li>Labor relations</li> <li>Workplace safety</li> </ul>
<b>Business Enterprise</b>	<ul style="list-style-type: none"> <li>Merchandising</li> <li>Supply/inventory management</li> <li>Product selection</li> <li>Product distribution</li> <li>Retail store operations</li> </ul>
<ul style="list-style-type: none"> <li><b>Purchasing</b></li> <li><b>Distribution</b></li> <li><b>Retail</b></li> </ul>	

## **Funding State and Local Services**

The wholesale and retail sale of alcohol products is a major revenue generator for the state of Washington. Since its inception, the WSLCB has returned more than \$4 billion in revenue to support public education, enforcement, local communities, research and many other state and local services. Gross sales are expected to increase at a rate of more than 5 percent annually during the next decade. If current revenue trends continue, the agency will return more than \$4.1 billion to Washington by 2017.

## **Washington's Control System**

Today, alcohol continues to be a closely controlled substance because its misuse can cause significant health and social costs. Controlled distribution makes alcohol less available by limiting the number of outlets, reducing the hours of sale, taxing alcohol at higher rates and restricting advertising.

Washington is among 18 states with control systems to regulate the sale and distribution of spirits. Two counties in Maryland also have control jurisdictions. The remaining states operate by licensing outlets to sell spirits at general retail locations.

Under Washington's control system:

- Liquor sales are provided through state, contract, tribal and military stores.
- Spirits, beer and wine are regulated through a three-tier system that separates manufacturers from retailers.

Factors such as fewer outlets to purchase alcohol, limited store hours, and the lack of employee incentive to sell has contributed to keeping alcohol out of the hands of children. State liquor stores have a 92 percent no-sale-to-minors compliance rate compared to 76 percent in the private sector.

## **Prevention and Alcohol Education**

Since 2005, the WSLCB has aggressively sought opportunities to provide education and leadership on alcohol-related issues. The agency supports statewide educational programs to reduce youth drinking and strengthen programs with local communities.

- Since 2007, a Board member has co-chaired the Washington State Coalition to Reduce Underage Drinking (RUaD), comprised of state and local organizations combating youth drinking.
- A WSLCB Alcohol Awareness Manager works with community organizations to address the most significant youth drinking problems statewide.
- In FY2007, the WSLCB led alcohol awareness assemblies in 19 middle schools, reaching more than 9,300 students.

## Enforcement and Education

The agency's liquor enforcement officers educate retail licensees and enforce state alcohol laws at more than 15,000 licensed retail locations statewide. Tobacco tax enforcement officers enforce state tobacco laws by inspecting records and locations of retailers, wholesalers and distributors. The agency's non-retail enforcement officers work with liquor manufacturers, distributors, and importers to ensure compliance with state liquor laws.

## Licensing and Regulation

The Licensing and Regulation division issues liquor licenses and permits for more than 15,000 qualified retail and non-retail businesses. The division determines if new and current businesses are qualified to hold a liquor license, regulates the production, importation and distribution of beer and wine products and provides oversight for the Mandatory Alcohol Server Training (MAST) program.

## Business Operations

In FY2007, gross sales from our business operations -- together with revenue from wine and beer producer taxes, license fees and enforcement penalties -- raised the agency's total gross income to more than \$838 million. Of that, the WSLCB returned \$312 million to the state and local communities.

Business operations are carried out by three divisions: Purchasing, Distribution and Retail, collectively called the Business Enterprise.

- **Purchasing:** This division manages the marketing and merchandising function over the selection and supply of more than 2,000 products carried in the retail stores and coordinates the efficient delivery of more than \$350 million of products annually to the Distribution Center. They are also responsible for collaborating with suppliers and stores to enhance the customers' shopping experience through standardized shelf schematics, product displays, training and seasonal promotions such as June Spirits Month and Washington Wine Month.
- **Distribution:** Our highly automated warehouse facility in Seattle ships more than 4.5 million cases of product annually to our retail outlets.
- **Retail:** More than 800 full- and part-time retail employees and network of 315 state and contract liquor stores provide our state's population a wide selection of spirits and wine in strategically located stores.

## Agency Challenges

The primary challenge faced by the agency is the impact on agency resources from growth on the retail sales side as well as on the enforcement/regulatory side. In addition to the impacts from growth, agency staff is impacted by regulatory changes taking place as the agency, the Legislature and stakeholders all focus on the modernization of the agency's regulatory environment.

Recent trends :

- The 21 and older population will increase by 6.3 million by 2016
- A record 5,038 liquor license applications were processed in FY2007-- an 81 percent increase since 2001
- A 3.9 percent growth in new licenses for the past six years impacts Enforcement's ability to adequately cover public safety concerns

## Section II: 2009-11 Board Priorities and Strategic Initiatives

The WSLCB will focus on three key policy areas during the 2009-11 Biennium:

1. Initiatives promoting public safety
2. Reforming our regulatory system to reflect today's dynamic business and social environment
3. Improving our agency operations and managing business growth

### WSLCB Strategic Initiatives: At-A-Glance

Strategic Initiative	Board Priority	Priority of Government
Media Campaign	Public Safety	<ul style="list-style-type: none"> <li>• Improve the safety of people and property</li> <li>• Improve the health of Washingtonians</li> </ul>
Increased Enforcement Staff	Public Safety	<ul style="list-style-type: none"> <li>• Improve the safety of people and property</li> <li>• Improve the health of Washingtonians</li> </ul>
Improving Communication with Communities	Public Safety	<ul style="list-style-type: none"> <li>• Improve the safety of people and property</li> <li>• Improve the health of Washingtonians</li> </ul>
Regulatory Reform	Regulatory Reform	<ul style="list-style-type: none"> <li>• Improve the safety of people and property</li> <li>• Improve the health of Washingtonians</li> </ul>
Workforce Planning	Agency Operations	<ul style="list-style-type: none"> <li>• Strengthen government's ability to achieve results</li> </ul>
Material Handling System Upgrade	Agency Operations	<ul style="list-style-type: none"> <li>• Improve economic vitality</li> </ul>
Contract Liquor Store Technology Refresh	Agency Operations	<ul style="list-style-type: none"> <li>• Improve economic vitality</li> <li>• Strengthen government's ability to achieve results</li> </ul>
Public Disclosure Support	Agency Operations	<ul style="list-style-type: none"> <li>• Strengthen government's ability to achieve results</li> </ul>
Distribution Center Maintenance	Agency Operations	<ul style="list-style-type: none"> <li>• Strengthen government's ability to achieve results</li> </ul>
Maintain Store Service Levels	Agency Operations	<ul style="list-style-type: none"> <li>• Strengthen government's ability to achieve results</li> </ul>
Additional Liquor Stores	Agency Operations	<ul style="list-style-type: none"> <li>• Strengthen government's ability to achieve results</li> <li>• Improve economic vitality</li> </ul>
Distribution Center Systems Support	Agency Operations	<ul style="list-style-type: none"> <li>• Strengthen government's ability to achieve results</li> </ul>
Assess and Improve Operational Performance	Agency Operations	<ul style="list-style-type: none"> <li>• Strengthen government's ability to achieve results</li> </ul>

# WSLCB Strategic Initiatives: Summaries

## 1: Public Safety

The most important goal of the WSLCB is public safety. The WSLCB uses a mix of prevention, education and enforcement to meet that goal. In recent years, the agency has steadily invested resources in building new partnerships with the prevention community, stakeholders and local law enforcement; educating students about the problems associated with underage drinking in the communities with the largest problems; and providing leadership on underage drinking issues.

In the 2009-11 Biennium, the Board will pursue a comprehensive but targeted approach to address the most critical needs of public safety. In addition to its ongoing enforcement, education and outreach to youth statewide, the WSLCB will focus resources in three key areas: a media campaign targeting parents, increased liquor and tobacco enforcement resources, and improved communication with communities to build relationships and engage them in WSLCB decision-making.

### 1. Media Outreach Campaign:

Launch a statewide campaign targeting parents of middle school students to reduce underage drinking. Research shows that parents are the top influence on their children's decision to drink. Too often, however, parents don't realize their impact. The campaign will include television, radio and print messaging and will be reinforced through posters and other mediums in our state liquor stores. Where possible, it will follow existing best practices and successful campaigns in other states.

### 2. Increased Enforcement Resources:

Seek legislative support for additional Liquor Enforcement Officers to match the growth of nightclubs and other venues that may pose a threat to public safety. Increased law enforcement will enhance public safety by improving understanding and compliance with alcohol laws by WSLCB licensees and the public.

### 3. Improving Communication with Communities:

Build relationships and communication between the Board and communities statewide via face-to-face meetings. Many licensing decisions the agency makes on a daily basis allows for input from the local communities affected by the decision. In fact, state law requires the WSLCB to give substantial weight to local authority input. However, communities often don't know their impact or are confused about the process. By reaching out to local government, law enforcement and editorial boards, the WSLCB seeks to maximize the impact of local authorities in our decision-making.

# WSLCB Strategic Initiatives: Summaries

## 2: Regulatory Reform

Protecting public safety while meeting the needs of Washington's dynamic business and social environment requires a flexible regulatory system. Like many alcohol regulatory systems across the nation, Washington's system is rigid. Over time, the Legislature created exceptions to address changes in the marketplace or to ensure compliance with a court decision. Today, the system has many exceptions, raising questions about whether certain individual regulations are still needed.

The WSLCB is poised to update many of the laws and rules pertaining to alcohol regulation. Since 2006, the agency has been working closely with legislators, manufacturers and distributors, and other stakeholders in preparation for modernizing state alcohol laws. Legislature-mandated reviews, such as the Three-Tier Task Force, made several recommendations. Most of the recommendations, however, have been "on hold" awaiting the final decision in *Costco v. Hoen*, a federal lawsuit challenging Washington's laws regarding the manufacture and distribution of beer and wine. In January 2008, the Ninth Circuit Court of Appeals upheld most of Washington's laws at issue in the case. With the case nearly resolved, the WSLCB is ready to move forward.

The WSLCB will move forward with comprehensive regulatory reform to create a 21<sup>st</sup> Century system that meets the following four criteria:

1. Protects public safety
2. Flexible
3. Simple
4. Enforceable

# WSLCB Strategic Initiatives: Summaries

## 3: Agency Operations

The strategic initiatives in this section address needs created by growth and regulatory reform, as well as re-investments in the business as required by any retail sales organization.

The WSLCB provides products and services in the areas of regulation and control over alcohol and tobacco. Key services include:

- Exclusive sale and distribution of spirits
- Non-exclusive sale and distribution of beer and wine
- Compliance checks for legal sale of alcohol and tobacco
- On-site inspections and enforcement
- Issuing liquor licenses and permits for retail and non-retail businesses
- Policy, rule and technical guidance
- Education and outreach
- Efficient tax collection

The WSLCB delivers these services through retail stores, on-site technical assistance and inspections by enforcement officers, public meetings, collaborating with trade associations, a Web site, walk-in services at the headquarters, and satellite offices.

The agency is organized into eight divisions plus the Board. The headquarters is located in Olympia with 11 satellite enforcement offices located throughout the state. To ensure consistent customer service, employees located in the regional enforcement offices report through a captain to the Enforcement Chief at headquarters.

The agency operates a 228,000-square-foot, highly automated Distribution Center located in Seattle that handles nearly five million cases of liquor each year. The Distribution Center ships to nearly 350 retail stores including state, contract, military, and tribal outlets, which generate more than \$800 million in annual revenue. The Distribution Center serves as the single point of entry and distribution of spirits to retail stores -- shipping approximately 18,000 cases of spirits daily. The Distribution Center contracts with carriers to transport wine, spirits, and beer to state and contract retail stores.

The Board, executive management team, and support divisions -- located in our headquarters office -- are primarily responsible for adopting policies, rules, and guidance to support the agency's mission and goals.

As a regulatory agency with the responsibility for the exclusive sale of spirits and the regulation of alcohol sales, many of the operational challenges faced by the agency come from the

interaction and demand of stakeholders and customers. Growth is a major challenge faced by the agency because of its impact on agency resources and technological capabilities.

- Retail sales continue to grow in excess of 5 percent per year
- Retail liquor licenses have grown by 16.6 percent in the past 10 years
- Non-retail liquor licenses have grown 160 percent in the last 10 years
- Washington wineries have increased from 127 in 1999 to 634 in 2008

In addition to growth, the agency is facing major changes in regulatory reform by both court and legislative action. Each change made in the regulatory environment has an offsetting change in agency operations often requiring large sums of time and money to bring the agency back into compliance.

The agency is committed to a process to ensure continuous improvement of our operational performance. Recently, an in-depth internal assessment of our agency operations was concluded and divisions have implemented action plans to address improvement opportunities. Concurrently, an application to the Washington State Quality Award (WSQA) for an independent assessment is being finalized. Our commitment and efforts toward improving our performance is a mainstay of our agency operations and will continue in the 2009-11 Biennium and beyond.

## 2009-11 Strategic Initiatives: Alignment with GMAP, POG

### Public Safety

**Media Campaign:** According to the state Healthy Youth Survey, Washington youth are drinking alcohol earlier in life and more often than many realize. Research shows that parents are the primary influence on whether teens choose to drink, but most parents don't realize their influence. Through a statewide media campaign, the agency will increase public safety by targeting parents of middle school students. This outreach will increase awareness of underage drinking and motivate parents to talk to their children about alcohol.

**Agency Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies as well as ensuring they are easy to understand, effective and reflect today's dynamic environment.

#### GMAP:

- Reduce the percentage of underage drinking in Washington
- Increase the number of parents who are informed about youth drinking and its consequences
- Increase the number of parents who regularly discuss drinking with their children
- Be perceived by the public as a leader in youth drinking prevention
- 100 percent participation by retail liquor stores

#### POG:

- Improve the safety of people and property
- Improve the health of Washingtonians

### Public Safety

**Increased Enforcement Staff:** Based on time, activity and workload indicators, the agency is requesting 68 new commissioned officers with five support staff and equipment. Utilizing GMAP derived information, it has been determined that the agency faces an emergent staffing shortage situation. An increase in liquor licenses, population growth, contemporary entertainment focus, operational responsibilities and expectations of a liquor law enforcement presence within the communities mandate fact-based deployment of officers. These additional officers will enable the agency to meet public safety expectations while reestablishing a cooperative licensee relationship. These positions will be phased in over three years, focusing on public safety issues in an increasingly volatile environment.

**Agency Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies as well as ensuring they are easy to understand, effective and reflect today's dynamic environment.

**GMAP:**

- *Locations of Strategic Interest* – Identify premises that present a higher risk to the communities and then focus intense education and enforcement efforts to bring the location into compliance in the areas of public safety, which include DUI, disorderly conduct, sales to minors etc. The alternative will be the loss of license privileges.
- *Licensee Education* – Perform one announced educational visit to each licensee per year. Officers will provide information, replace signage, answer questions etc., providing for a better educated, more informed licensee.
- *Stores and Contract stores* – Continue to work with the Retail division to keep the no-sales-to-minors compliance rate in our stores at a chosen percentage number.

**POG:**

- Improve the safety of people and property
- Improve the health of Washingtonians

## Public Safety

**Improving Communication with Communities:** The WSLCB regularly makes decisions on highly controversial and sensitive issues that affect communities. These issues are subsequently reported by local media and often followed with opinions written by newspaper editorial boards. Despite the agency’s broad impact, the public, elected officials and the media often don’t understand the state’s complex alcohol regulatory system and how they may influence decision-making. The Board will enhance public safety by reaching out to communities via face-to-face meetings with local law enforcement, public officials, local media and community groups. The outreach will help build relationships, enhance communication and engage these groups in future decisions.

**Agency Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies as well as ensuring they are easy to understand, effective and reflect today’s dynamic environment.

**GMAP:**

- Increased communication and partnerships statewide with local law enforcement
- Increased community partnerships
- Increased education of local media resulting in accurate editorials and news coverage
- Increased number of licensees involved in WSLCB underage drinking campaigns

**POG:**

- Improve the safety of people and property
- Improve the health of Washingtonians

## 2009-11 Strategic Initiatives: Alignment with GMAP, POG

### Regulatory Reform

**Build Research Capacity for Regulatory Reform:** The Legislature directed the WSLCB to conduct a comprehensive review of the current regulatory system controlling the sale and distribution of beer and wine. It recommended the agency collaborate with stakeholders to review current regulations. Currently, the agency has minimal research and analysis capacity. Without this type of expertise, the agency lacks data to support future plans, respond to court litigation, or determine the effectiveness of current laws, regulations and policies. Adding research staff allows the agency to build capacity to collect and analyze the data needed to support the agency's key impact measures and the agency's public safety mission.

**Agency Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies as well as ensuring they are easy to understand, effective and reflect today's dynamic environment

#### GMAP

- Agency key impact measures created and supported with research data
- Alcohol regulations and policies revised for clarity using "Plain Talk" principles and customer feedback to evaluate the ease of interpretation

#### POG:

- Improve the safety of people and property
- Improve the health of Washingtonians

## 2009-11 Strategic Initiatives: Alignment with GMAP, POG

### Agency Operations

**Workforce Planning:** According to the PEW Charitable Trust, Washington State government leads the nation in having the highest percentage of its workforce – 64 percent -- eligible to retire by 2015. Among state agencies, the WSLCB has a relatively high percentage of its workforce that is soon eligible to retire. In addition, the WSLCB is working to build on inroads it has made with improving employee morale, instituting an agency culture where employees grow and thrive and creating workforce flexibility to meet changes around the agency's strategic direction. As part of a pilot project, the WSLCB is working with the Department of Personnel to develop a comprehensive workforce plan that will include strategies for succession planning, employee development, mentoring, and retention.

**Agency Goals:** Recruit, develop, retain and value a highly competent and diverse workforce capable of responding quickly and effectively to challenges in our business and regulatory environment.

#### GMAP

- Number of open positions
- Quality of candidate survey ratings
- Employee Satisfaction Survey score over time
- Employee discipline and grievance activity
- Internal promotions vs. external appointments
- Total number of L&I claims
- Average number of days away from work

#### POG

- Strengthen government's ability to achieve results efficiently and effectively

### Agency Operations

**Material Handling System Upgrade:** The Distribution Center's existing material handling system components are aging and current processes are strained due to growth. The system needs to be modified to improve efficiency.

- An additional accumulation lane will eliminate backup/work stoppage caused by increased case volumes.
- Adding auto-sortation to the split-case area will increase productivity and minimize the risk of injuries by reducing the manual handling of full cases.
- The upgrade and replacement of aging conveyor control components will increase reliability through fewer repairs, improved parts availability, and reduced downtime.
- Automation of the manual pick process will increase productivity and minimize the risk of injuries by removing the need to handle odd-sized or fragile cases manually.

**Agency Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**GMAP**

- Reduce FTE hours to accomplish comparable workload
- Reduce number of injuries
- Reduce downtime for repairs

**POG:**

- Improve the economic vitality of businesses and individuals

### Agency Operations

**Contract Liquor Store Technology Refresh:** The backroom PCs in all 154 contract liquor stores are over 6 years old and have reached the end of their useful life. The WSLCB relies on these systems to report financial data including sales information, bank deposits, inventory, product orders, transfers, etc. In addition, the reporting software currently in use is not compatible with current PC operating systems. The WSLCB needs funding to lease this equipment or change the contract liquor store contract to allow for an equipment allowance to provide on a four-year refresh cycle and develop or purchase online reporting software that will comply with agency financial accounting standards.

**Agency Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**GMAP:**

- Dependable and timely reporting of financial information
- Better accuracy of data submitted
- Elimination of manual entry of data by the Finance and Information Technology Services divisions

**POG:**

- Improve the economic vitality of businesses and individuals
- Strengthen government's ability to achieve results efficiently and effectively

### Agency Operations

**Increase Public Disclosure Support:** The Governor stated in a February 2006 directive that she expects agencies to “renew their commitment to openness” and to “reduce any backlog on public records requests.” WSLCB public records requests continue to grow at a pace that far exceeds the ability of the office to keep up. The office has two full-time employees who respond to more than 5,000 annual requests. Despite instituting efficiencies, the agency is decades behind in fulfilling certain requests. The agency will effectively meet the time required by law for meeting all public records requests by adding two additional employees.

**Agency Goal:** Create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data driven decisions, and business initiated process improvement including the use of integrated technology.

**GMAP:**

- Improve response time for fulfillment of public records requests
- Reduce risk of lawsuits by timely fulfilling public records requests
- Reduce backlog in support of Governor's Directive (Feb. 2006)

**POG:**

- Strengthen government's ability to achieve results efficiently and effectively

## Agency Operations

**Distribution Center Building Maintenance:** Since the Distribution Center was built in 2000, there has not been a comprehensive Building Maintenance Program in place to affect repairs and maintain the value of the building. Projects such as landscaping, roof, window, pavement, and gutter repairs on the outside, wall or flooring repairs, etc., are typically addressed as the need arises, which leads to budget overruns or exceptional expenditures that are not forecasted.

Additionally, cleanup and custodial functions occur as a cooperative effort between a contracted custodial service, warehouse employees, and maintenance personnel. Approximately 70 percent of the Material Handling System is generally unassigned to any area or process, which means the maintenance crew must clean the equipment and the area before they can conduct maintenance, increasing the time necessary for maintenance tasks and redirecting skilled maintenance resources toward non-skilled custodial functions.

Many of these tasks are on portions of the automated Material Handling Equipment that cannot be cleaned while the equipment is running, and must be scheduled during graveyard shift and non-production times.

**Agency Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**GMAP:**

- Improve the safety, health and morale of Distribution Center employees

**POG:**

- Strengthen government's ability to achieve results efficiently and effectively

## Agency Operations

**Distribution Center Systems Support:** The Distribution Center does not have support for all software and control components needed for all production hours. Because our operations are time critical, the Distribution Center has utilized operations personnel to back up Information

Technology Services resources and coordinate contractor responses. Delays in locating authorized and knowledgeable internal and external resources can result in late starts of recovery and unorganized, ineffective responses from contractors as well as other problems. Contractor access often requires manually turning on and operating equipment. Without a clearly defined scope of responsibilities and trained, available personnel, it is difficult to implement a recovery strategy and therefore, elevates risk. System reliability and support capabilities have noticeably deteriorated over time.

**Agency Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**GMAP**

- Improve store order fill rate
- Reduce system down time

**POG**

- Strengthen government's ability to achieve results efficiently and effectively

## Agency Operations

**Performance Assessment and Improvement (WSQA):** The WSLCB is committed to continuous improvement of our performance and values the development of measurable and meaningful results. An application to the Washington State Quality Award (WSQA) for an independent assessment is being submitted in July 2008 and feedback results are expected later in the year. Action plans will be developed that will extend into the 2009-11 biennium. We will track the completion of action plans and conduct an extensive internal assessment involving employees throughout the organization. Our efforts towards performance improvement will be communicated and promoted throughout the organization to ensure that employees clearly know how they contribute to the agency's mission and strategic plan and the key criteria (Baldrige) we use to measure our progress and success. During the next biennium, we will initiate the development of a full application for a more comprehensive performance assessment to the WSQA.

**Agency Goal:** Create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data-driven decisions, and business initiated process improvement including the use of integrated technology.

**GMAP:**

- **Demonstrate growth through improved results in independent assessment feedback reports.**
- **Improved reporting of process improvements and results in GMAP sessions, including use of more comparative data.**
- **Achieve major milestones for completion of action plans developed from assessment feedback reports.**

**POG:**

- **Strengthen government's ability to achieve results efficiently and effectively.**

## Agency Operations: Revenue Enhancements

**Maintain Current Store Service Levels:** The Office of Financial Management and the Legislature recognized the need to increase the operational budget for state liquor stores during the 2007-09 Biennium. With those increases, the current sales per employee are approximately 70,000 bottles per year. The WSLCB can sustain operations at this sales level. However, we expect growth at 3 percent going forward. To maintain the level of service and public safety to WSLCB customers and staff, we are requesting 21 additional FTEs per year beginning the 2009-11 biennium. Adding 21 FTEs will generate \$2.2 million in additional sales each year at a cost of just over \$750,000.

**Agency Goal:** Maximize financial return to the state and local government by running an efficient business operation.

### GMAP:

- Increase gross revenue by \$2.2 million in additional sales each year
- Contribute to public safety by maintaining a no-sales-to-minors compliance rate that exceeds the private sector
- Improve customer service and satisfaction

### POG:

- Strengthen government's ability to achieve results efficiently and effectively

## Agency Operations: Revenue Enhancements

**New Stores:** In order to meet the ongoing demands of increased population in the 21-year-old and older age bracket, the WSLCB is requesting funding and staffing for six new stores in the 2009-11 Biennium. An investment of about \$2 million per year will help the agency improve sales by about \$10.8 million annually when fully implemented. Funding of this request will increase gross sales and increase distributions to the state and local governments. Without this investment, the agency and state will forego the opportunity to increase gross sales nearly 2 percent annually based on state liquor store sales.

**Agency Goal:** Maximize financial return to the state and local government by running an efficient business operation.

### GMAP:

- Increase gross revenue by \$5.1 million in FY2010 and \$10.5 million in FY2011
- Return an additional \$2.5 million to the state in FY2010 and \$5.2 million in FY2011
- Improve customer service and satisfaction

### POG:

- Strengthen government's ability to achieve results efficiently and effectively

## 2009-11 Strategic Initiatives: Details

### Public Safety

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect today's dynamic environment.

**Outcome Desired:** Reduce underage drinking in the State of Washington.

#### **Strategy: Media Campaign**

The WSLCB plans to create a comprehensive and sustainable alcohol education initiative to increase awareness and understanding about the harmful effects of underage drinking. The initiative will be developed through collaboration between businesses, state agencies, and prevention partners.

A statewide media campaign targeting parents will launch the effort and raise awareness, followed by an education program for the general public. On-going school and community based alcohol awareness activities will continue to target middle and high school students. Retail liquor stores will play a key role in promoting the initiative by featuring information that encourages parents to talk to their kids about the harmful effects of underage drinking. The unions will play a major role in helping the WSLCB determine workload impacts to the retail store staff and how to balance work demands with this important initiative. To help support an emphasis on enforcement, the WSLCB will collaborate with the Department of Licensing to change the look of the state driver's license to make it easier to identify anyone 21 and older. This initiative allows for a comprehensive approach to addressing youth access to alcohol and underage drinking.

**Background:** The key focus of the WSLCB mission is to promote public safety. Based on the state 2006 Healthy Youth Survey, 15 percent of eighth graders and 33 percent of tenth graders drank alcohol within the last 30 days. Statistically, youth who drink before age 15 are five times more likely to have alcohol problems when they are adults. The WSLCB has a limited education program delivered through on-premise server training, an alcohol awareness program that targets middle and high school students, and the general enforcement education that is provided to retail and non-retail licensees.

In addition, parents are the No. 1 influence on whether a teen chooses to drink, according to both the 2007 Youth Focus Groups conducted by the WSLCB and Gilmore Research and other studies.

**Solution:** Create a targeted education program to help parents understand the harmful effects of underage drinking and how youth obtain alcohol. The program will help parents understand their role in talking to their kids and how they can help reduce youth drinking. Brochures, posters, and other informational material will be provided at WSLCB retail stores. Enforcement and alcohol server training will be helped by changing the look of the driver's license (and requirement to get new license at age 21) to visually show that a person is of legal

age (horizontal license versus vertical). Tracking violations by servers will help WSLCB and stakeholders identify potential issues and take preventive measures such as emphasis visits and additional training.

**Stakeholders:** Legislature, youth, parents, citizens of Washington, state and local law enforcement, retail and non-retail licensees, state and local authorities, and communities.

**Partners:** Governor, Washington State Coalition to Reduce Underage Drinking, prevention community, Department of Licensing, schools, Legislature, insurance companies, communities, local law enforcement/authorities, unions, WSLCB retail stores, health care providers, media, tribal groups, and criminal justice system.

**Lead Division(s):** Director's Office

**Participating Division(s):** Enforcement and Education, Licensing and Regulation, Business Enterprise, Retail, Finance, Information Technology Services

**Start Date:** July 2009

**Finish Date:** Ongoing

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect of today's dynamic environment.

**Outcome Desired:**

- Provide education to new and existing liquor licensees that is timely, accurate, and maximizes public safety in licensed establishments.
- Further enhance preventive enforcement by educating licensees on best practices for maintaining compliance with laws and regulations.

**Strategy: Increase Enforcement Staff**

- Develop public safety educational programs and materials for new and existing licensees and provide them with training as appropriate at least once per year.

**Background:** The WSLCB strives to “ensure the responsible sale and consumption of alcohol and tobacco in Washington.” The Enforcement and Education division has three units: Retail, Non-Retail, and Tobacco Tax. These units provide education to licensees who sell liquor and tobacco. Given this vision and the inherently dangerous nature of liquor and tobacco, the agency has recognized the need to provide education on laws, rules and public safety to licensees who sell these products. Currently, liquor licensees may receive inconsistent, incomplete, and/or inaccurate information from the Enforcement and Education division and the Licensing and Regulation division due to the lack of a comprehensive licensee education program.

**Solution:**

- Develop a comprehensive retail licensee education program with the Licensing and Regulation division, licensees and stakeholders that provides appropriate education for new and existing licensees operating in a variety of venues.
- Present a decision package that seeks a sufficient amount of liquor enforcement officers and licensing staff to ensure each licensee receives education at least once per year. These educational initiatives in the Enforcement and Education division will be supported by the division's decision package, which requests 73 FTEs for education and enforcement.

**Stakeholders:** Retail and wholesale licensees, the Washington Restaurant Association, the Washington Wine Institute, the Washington State Department of Health, large off-premises retailers with in-house training programs, tobacco licensees

**Partners:** Licensing and Regulation division

**Lead Division(s):** Enforcement and Education division, Licensing and Regulation division

**Participating Division(s):** Director's Office, Information Technology Services, Department of Information Services' Media Productions Office

**Start Date:** July 2008

**Finish Date:** Ongoing

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect today's dynamic environment.

**Outcome Desired:** Increased understanding and support of the WSLCB's mission by the media, local stakeholders and citizens.

**Strategy: Improve Communication with Communities**

The WSLCB plans to conduct proactive, targeted outreach to local authorities, media and law enforcement. Examples include:

- Editorial Board visits
- Discussions with local authorities and decision makers
- Produce video and/or written materials of WSLCB core functions, its public safety goals and its financial impact on communities

**Background:** As part of our daily business, WSLCB employees interact with retail customers, local officials and community representatives. The Board also makes decisions on highly controversial and sensitive issues that impact local communities. As an issue of local concern, these decisions are subsequently reported by local media and often followed with opinions written by newspaper editorial boards.

Despite the agency's broad impact, the public, elected officials and the media often don't understand the state's complex alcohol regulatory system and how they may influence decision making. There is an opportunity for the WSLCB to proactively tell its story and improve relations with local decision makers and media.

**Solution:** Launch a proactive, targeted outreach campaign with face-to-face visits between WSLCB leadership and local decision makers, editorial boards and law enforcement. The Governor has made it a priority for agency leaders to reach out to communities statewide to gather input and show citizens the value of their investment.

**Stakeholders:** Governor, legislators, community leaders, local law enforcement, media, public safety and prevention advocates, WSLCB employees

**Lead Division:** Director's Office (Communications) and Board

**Participating Divisions:** Director's office, Board, and potentially the Enforcement and Education, Business Enterprise, and Licensing and Regulation divisions

**Start Date:** July 2008

**Finish Date:** Ongoing

## Current Public Safety Initiatives Extending Beyond FY2009-11

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect today's dynamic environment.

### Outcome Desired:

- Provide clear and accurate information on licensing and regulatory roles and responsibilities at the time of original licensure and other times as required.
- Collaborate with providers in order to enhance Mandatory Alcohol Server Training (MAST) in a way that maximizes public protection.
- Provide ongoing discussions with local authorities to assure their knowledge of the WSLCB practices in order for them to provide the desired partnership in regulating alcohol.

### Strategy:

- Develop an education program for new and existing licensees that include personal contact on a regular basis in collaboration with the Enforcement and Education division.
- Evaluate the Mandatory Alcohol Server Training (MAST) program and recommend changes to maximize the public protection provided by this program.
- Further, the Licensing and Regulation and Enforcement and Education divisions will collaborate on a program of education for local authorities in order to strengthen the public safety cooperation between them and the WSLCB.

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect today's dynamic environment.

### Outcome Desired:

- Administrative authority to approve or deny, suspend or revoke cigarette/OTP retail wholesale and distributor licenses.

### Strategy:

- Partner with the Department of Revenue, the WSLCB Licensing and Regulation division and the Department of Licensing to request legislation to transfer licensing authority from the Department of Revenue to the WSLCB.

## 2009-11 Strategic Initiatives: Details

### Regulatory Reform

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies as well as ensuring they are easy to understand, effective and reflect today's dynamic environment.

**Outcome Desired:** A licensing system that applicants, licensees and WSLCB staff can easily understand that places reasonable restrictions on businesses that protect the public from misuse of alcohol and misrepresentation of the products offered to consumers.

#### **Strategy: Build Research Capacity for Regulatory Reform**

In consultation with stakeholders, conduct a comprehensive review of licensing rules and laws to assess their relationship to public safety. This strategy should follow a planning document designed to meet this goal. Eventually, this strategy will require modification of existing statutes and rules.

**Background:** Washington's liquor licensing structure was established to protect the public and licensees from post-Prohibition fears that included market manipulation and the influence of organized crime. The integrity and maintenance of the manufacturer, distributor and retailer tiers were of primary importance. Also, the system was built around business models that flourished in the Depression era economy of the 1930s. Over time, the functions of each of these tiers have evolved, resulting in significant overlap. The retail tier is no longer just a restaurant, grocery store or tavern owned by a sole proprietor or corporation. Multi-level corporations, LLCs and business partnerships have blurred the concept of financial interests.

Further, the development of the winery and brewery industries in Washington has given these industries substantial economic and political influence. This influence has in part eliminated the tiers in this industry and moved the political focus from liquor control to facilitating the growth of small business in Washington. Unlike other regulatory licensing programs in Washington, liquor license fees are primarily set in statute and the fee amount has no relationship to the effort necessary to administer the licensing function or enforce the regulated activity.

**Solution:** The WSLCB plans to develop a licensing system that focuses on public safety and is flexible enough to not be overly impacted by changing business models. This solution must start with an analysis of effectiveness of the current system. Effectiveness here means adding value to the WSLCB's core mission and vision of protecting public safety. A new regulatory system should strive for simplicity and enforceability. Licensing fees should be set through the Washington Administrative Code with clear policy direction in statute explicitly outlining the costs that are to be recovered by said fees.

**Stakeholders:** WSLCB liquor licensees, industry trade associations, the National Alcohol Beverage Control Association, local authorities and the prevention community.

**Partners:** All stakeholders need to be represented in this process. Independent facilitation will be important.

**Lead Division(s):** Licensing and Regulation

**Participating Division(s):** Enforcement and Education, Director's Office

**Start Date:** July 2008

**Finish Date:** June 2011

## **FY2009-11 Strategic Initiatives: Details**

### **Agency Operations**

**Goal:** Recruit, develop, retain, promote and value a highly competent and diverse workforce capable of responding quickly and effectively to challenges in our business and regulatory environment.

**Outcome Desired:** Hire, develop and retain a productive, motivated and diverse workforce dedicated to the mission and goals of the agency, thereby ensuring the agency has workforce depth and breadth needed for present and future success.

#### **Strategy: Workforce Planning**

- Ensure adequate workforce capacity to support the 2009-11 agency strategic and business plans and achieve agency goals by utilizing a comprehensive agency-wide Workforce and Succession Plan.
- Reduce risk and increase productivity through comprehensive Safety, Health and Wellness programs which promote safety, health and wellness for employees, customers and communities.

**Background:** The Governor has a vision of a state government that is strategic, responsive, and accountable. The WSLCB shares this vision. The Government Management Accountability and Performance (GMAP) and the Human Resources Management Report were implemented to ensure all agencies were continuously improving their processes. A component of the Human Resources Management Report requires each agency to develop and implement a comprehensive Workforce and Succession Plan to ensure continuity of services utilizing Human Resources best practices to assist in making the state of Washington and the WSLCB the "employer of choice." Statistics show that by 2011, 27 percent of the WSLCB workforce will be eligible to retire. By being proactive with a workforce and succession plan now, we will ensure the agency has the proper staff in place and trained before many of our workers retire from state service.

Currently, information required as part of the Governor's GMAP and the Human Resources Management Report is being tracked manually. One of the major gaps identified throughout the Washington State Quality Award feedback report on the WSLCB Human Resources division was the lack of adequate logging/ tracking methods for training, cases, Labor and Industry claims, Performance Development Plans and Position Description Forms, safety, health and wellness, grievances, and recruitment. Governor and agency priorities include

improving workplace safety, health and wellness, and building rapport with the unions in an attempt to work more cooperatively for the benefit of our employees.

The overall health and fitness of our employees is important to productivity, collective health and quality of life. The agency must provide a safe workplace for employees, free from recognized hazards that can cause serious injury or death. There was a safety-related incident involving employee injury at the Distribution Center in 2007, resulting in a Department of Labor and Industries compliance review. Recognizing the issues surrounding safety and implementing an agency-wide strategy to address safety issues on an ongoing and proactive basis is vital to the agency's ability to become an "employer of choice".

In the spirit of cooperation, we have requested input from the unions regarding their areas of focus for strategic planning. The areas of strategic interest brought forward were: safety, agency succession planning, and culture (employee empowerment, communication/computer access, training, promotion).

### **Solution: Workforce and Succession Planning**

- Implement the 2009-11 Workforce and Succession Plan, build on our partnership with the Department of Personnel to evaluate the Workforce and Succession Plan and prepare plan additions/changes to support the 2011-13 Strategic Plan. These actions will allow the WSLCB to retain and grow a productive, successful workforce that is proactive, well trained and engaged.
- Hire a Management Analyst 3 position that will partner with the Information Technology Services division and develop, manage and maintain a system or systems for logging, tracking, and trending of cases, claims, training, safety, health and wellness, Performance Development Plans, Position Description Forms, grievances, and recruitments. The Management Analyst 3 position would also determine the long-term system requirements. Ultimately, this would enable the Human Resources division to easily retrieve information and statistics as needed. Currently most data gathering is done through an inefficient manual process.
- Partner with the WSLCB Management Team and the Department of Personnel to successfully complete the Performance Management Confirmation process and establish a program that recognizes and encourages a performance based culture.

### **Diversity, Recruitment and Development Team**

- Establish a WMS position to function as the Diversity, Recruitment and Development Manager to oversee these program areas and the employees functioning within them.
- Implement a comprehensive diversity program that is built the "way we do business," which will outline goals and strategies toward achieving a more diverse workforce and ensuring that the goals of our Affirmative Action plans are met.
- Implement a comprehensive On-boarding program that encompasses the New Employee Orientation program to ensure that all new hires are adequately transitioned into the agency culture during the first 90 days of employment. Also, change non-permanent Human Resource Consultant to a permanent position in Recruitment to

handle the Retail Hiring/On-Boarding Process.

- Reduce agency risk and increase employee competencies through an expanded training program to include core competency training and career development. Also, identify areas of business need for career development by building capacity and expanding the pool of viable internal applicants for promotional opportunities. Finally, establish a Human Resources Consultant 2 position to broaden the scope of the current training program to include building curricula and conducting training.
- A retention plan will be developed and implemented to address current turnover rates within the agency.

### **Safety, Health and Wellness Team**

- Establish a WMS position to function as a Risk Manager to manage risk and oversee these program areas and the employees functioning within them.
- Establish a Safety Officer 1 position to function in support of the Distribution Center.

### **Workforce Implications and Funding Required**

- Request funding for a permanent Management Analyst 3 position to develop and manage a system for case management, claims, training, safety, health and wellness, Performance Development Plans, Position Description Forms, grievances, recruitment.
- Request funding for permanent WMS Band 2 Diversity, Recruitment and Development Manager.
- Request funding for a permanent WMS Band 2 Risk Manager.
- Request funding for a permanent Safety Officer 1 primarily supporting the Distribution Center.
- Request funding for a permanent Human Resource Consultant 1 in Recruitment to handle the retail hiring process.
- Request funding for a permanent Human Resource Consultant 2 to broaden the scope of the current training program to include building curricula and conduct training.

**Stakeholders:** WSLCB Management Team, WSLCB employees, customers, labor organizations, state agencies

**Partners:** Department of Personnel, Office of Financial Management, Governor's Office

**Lead Division(s):** Human Resources

**Start Date:** July 2009

**Finish Date:** June 2011

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Reduced safety risks and enhanced productivity.

**Strategy: Material Handling System Upgrade:** Modify existing material handling system at the Distribution Center to update aging components and improve efficiencies associated with existing processes that are strained due to growth and manual handling.

**Background:** When 45 deck lanes were added in 2005, the inbound conveyor which feeds these lanes did not include additional conveyor space for case accumulation. Consequently, cases being sorted into the first few deck lanes may slow the sorting process and interfere with replenishments. The split case area was re-designed in 2005 to accommodate the new deck lanes, and sorting cases into the split case area became a manual process of scanning cases to determine the area they must be sorted to within split case, and moving cases along by hand on a non-motorized conveyor. This imposes the risk of repetitive motion injuries and hampers productivity. The system control components have not been refreshed along with other parts of the system in recent years. Items such as photo eyes, proximity switches, encoders, and other components need to be updated to increase reliability, reduce troubleshooting and repair time, and maximize the use of technology. There is an increased demand for products that don't "fit" in our automated material handling system and require a manual pick process. As the volume of these items increases, productivity rates are dropping and ergonomic risks are increasing due to the manual nature of the existing process.

**Solution:**

- Add accumulation lanes from the de-palliating area to the floor deck lanes to relieve the congestion that occurs when cases are sorted into the first few deck lanes, slowing the replenishment process
- Automate the scanning and sorting of cases into the Split Case area and motorize the conveyers within this same area to increase productivity and minimize the risk of repetitive motion injuries
- Update and upgrade our control components to increase reliability, reduce troubleshooting and repair time, and maximize the use of technology
- Automate the manual pick process for non-conveyable items to improve productivity rates and address ergonomic concerns

**Stakeholders:** Distribution Center Leadership Team, Business Enterprise Team, Process Improvement Team, Support Services, Financial, Retail

**Partners:** Distribution Center Leadership Team, Business Enterprise Team, Process Improvement Team, Support Services

**Lead Division(s):** Distribution Center, Process Improvement Team, Support Services

**Participating Division(s):** Distribution Center, Process Improvement Team, Support Services

**Start Date:** July 2009

**Finish Date:** June 2011

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Fully functional stable technology platform for contract liquor store operations that integrates to WSLCB information technology systems and conforms to Department of Information Services' standards.

**Strategy: Contract Liquor Store Technology Refresh**

- Establish technology standards for contract liquor store operations and implement a refresh program every five years on back office PCs in contract liquor stores.
- Acquire a solution that integrates reporting of contract liquor store financials to WSLCB information technology systems.

**Background:** The backroom PCs in all contract liquor stores are over 6 years old and have reached the end of their useful life span. The existing “home-grown” reporting software is no longer compatible with current PC operating systems. The data is communicated directly to the Financial division and includes all sales information including bank deposits, inventory, product orders, transfers etc. Without a functioning PC and associated software or online reporting solution to transmit this information, data would need to be mailed and then manually entered by financial staff.

**Solution:**

- Restructure the contract liquor store agreements to require compliance to established technology standards.
- Explore a funding strategy through a revised commission structure to cover the costs of the refresh program and development of an integrated financial reporting system.

**Stakeholders:** Office of Financial Management, Legislature, customers, WSLCB, contract liquor store managers, district managers

**Partners:** Support Services, Information Technology Services, Triversity/SAP, Office of Financial Management, Legislature

**Lead Division(s):** Retail

**Participating Division(s):** Information Technology Services, Support Services, Financial

**Start Date:** July 2009

**Finish Date:** June 2011 (Ongoing five year PC refresh)

**Goal:** Create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data driven decisions, and business initiated process improvement including the use of integrated technology.

**Outcome Desired:** Increase effectiveness, response time and efficiency with new and innovative technology along with additional staff to enhance WSLCB's compliance under the Public Records Act and the State and Federal Records Management Laws.

**Strategy: Increase Public Disclosure Support**

- Implement new software technology to increase WSLCB's effectiveness by enabling the agency to provide electronic records requests more promptly.
- Increase staff to manage and maintain new software effectively.

**Background:** Public records used to consist of mainly paper documents, and overseeing the management, retention schedule, and disclosure of such records. In the past four years, more and more of our records have been created and/or scanned into an electronic format. The WSLCB continues to receive an increase in electronic public records requests, especially .PST files. These files can be enormous in size and on average take up to three years to process. Most public records requests require a manual review involving large amounts of data and information, which is very time consuming. WSLCB has large amounts of electronic documents due to the following:

- A lack of understanding of how to manage electronic records per Secretary of State's retention schedule.
- A lack of training in areas of proper destruction and retention.

Due to lack of resources and staff, the WSLCB has not been able to assess inventory of its records collections including vital records.

The WSLCB could omit approximately 30 to 45 percent of records that are considered to be transitory in nature by applying the above elements.

**Solution:**

- Implement an electronic records management structure that focuses on the use of sophisticated software and trained personnel to serve the agency and the public and enhance customer service.
- Improve response time to public records requests by:
  - Implementing and utilizing a centralized imaging program that would include an email vault system for adequate storage of emails.
  - Using a centralized electronic content management system.
  - Increasing and improving our Public Records and Records Management staff to:
    - Facilitate timely electronic records requests.
    - Improve delivery of services and goods.
    - Add needed staff to conduct ongoing yearly inventories of records for proper destruction and retention for compliance with statutes per the Secretary of State.

**Stakeholders:** Customers, the public, attorneys, employees, unions, state agencies, the criminal justice system, licensees, cities/counties, social service agencies, WSLCB divisions, and the media.

**Partners:** Office of the Secretary of State, Office of the Attorney General

**Lead Division(s):** Director's Office

**Participating Division(s):** Board and all WSLCB divisions

**Start Date:** July 2009

**Finish Date:** Ongoing

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Distribution Center workplace conditions that reflect pride in our environment and appreciation for our employees. A safe, clean, and well maintained Distribution Center building.

**Strategy:**

- Implement an expanded building maintenance service to perform custodial, repair, and housekeeping functions throughout the facility while contributing to the material handling system preventive maintenance program
- Fulfill requests for repair, upgrades, and maintenance

**Background:** The DC facilities, building upkeep and maintenance will implement an expanded building maintenance service to perform custodial, repair, and housekeeping functions throughout the facility while contributing to the material handling system preventive maintenance program, and fulfill requests for repair, upgrades, and maintenance, thereby maintaining the value of the property and facility.

**Solution:**

- Create a plan and request authority to spend from the Construction and Maintenance fund for facility repairs and upgrades, and improved custodial services.

**Stakeholders:** Distribution Center employees, visitors, and the citizens of Washington State.

**Partners:** Distribution Center, Support Services, Contracts Manager, Financial

**Lead Division(s):** Distribution Center

**Participating Division(s):** Support Services

**Start Date:** July 2009

**Finish Date:** June 2010

**Goal:** Create a culture that foster excellent customer service, open and honest communication, transparency, accountability, data-driven decisions and business initiated process improvement including the use of integrated technology.

**Outcome Desired:**

- Improve agency operational performance through consistent measuring and analyzing of results and integrating Baldrige criteria into daily business practices.

**Strategy:**

- Dedicate existing resource(s) to provide technical assistance and consultation to divisions on WSQA-related action plans in alignment with Baldrige criteria and build capacity within divisions to support internal and external assessments.

**Background:** In 2005, legislation passed directing each state agency to apply for the Washington Quality Award (WSQA) beginning in 2008 and every three years thereafter. To prepare for the first application, the WSLCB conducted an internal assessment using the WSQA Baldrige criteria. Divisions created action plans to address “opportunities for improvement” identified in their internal feedback reports. In July 2008, the WSLCB will submit its first application for an independent assessment from the WSQA with an agency feedback report expected by October 2008.

**Solution:**

- Dedicate existing resource(s) to coordinate agency reporting to align the data with Baldrige criteria and prepare for future internal/external assessments. These resources will also assist divisions to take action on feedback reports from both internal and external assessments. Division support includes facilitation, action plan development, monitoring and reporting; as well as help identifying best practices from other state agencies. In addition, coordinate training and technical assistance to enhance knowledge and skill base of internal examiners, division leaders and other key staff.

**Stakeholders:** Governor, legislators, customers, industry partners, public safety advocates, community interest groups, employees, unions, state agencies, licensees, schools, media

**Partners:** All WSLCB divisions, Washington State Quality Award, state agencies

**Lead Division(s):** Director’s Office

**Participating Division(s):** Enforcement and Education, Licensing and Regulation, Business Enterprise: Purchasing, Retail, Distribution Center, Finance, Information Technology Services, Human Resources, Director’s Office

**Start Date:** July 2009

**Finish Date:** Ongoing

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Ensure the safety of the public and store employees while performing effective and efficient store operation and providing outstanding customer service.

**Strategy: Maintain Current Store Service Levels**

- Develop a rolling six-year plan to review and adjust current store staffing on a biennial basis to maintain an effective ratio of FTEs to bottles sold.

**Background:** During the 2007-09 Biennium, the WSLCB received a 15 percent increase in the store-staffing budget. This was the first large increase in over a decade and brought the WSLCB to an acceptable balance of volume and staff at 70,000 bottles per employee per year.

At this ratio, the agency can assure appropriate levels of compliance and customer service while maximizing revenue. Current business forecasts anticipate a 10 percent growth in liter sales by the 2009-11 Biennium. Failure to maintain this balance as the business grows will result in declining performance in key performance areas.

**Solution:**

- Increase the store staffing budget by 21 FTEs each year to keep in pace with growth projections and to prevent the ratio of volume to staff from exceeding 53,000 bottles per employee per year.

**Stakeholders:** Customers, WSLCB, store employees, unions, district managers, industry partners

**Partners:** Office of Financial Management, Legislature

**Lead Division(s):** Retail Services

**Participating Division(s):** Purchasing, Finance, Business Enterprise, Finance Leadership Team, Human Resources

**Start Date:** July 2009

**Finish Date:** June 2015

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome desired:** Maintain customer service and convenience to an expanding drinking age population while generating additional revenue to the state and local communities.

### **Strategy: New Stores**

- Develop a rolling six-year plan to expand the sales network to address population growth areas in the state as identified in the current store development and leasing plan.
- Secure funding to add stores each biennium to ensure our population served per outlet remains at our current service levels.

**Background:** Population growth continues at a rapid pace. Between 1980 and 2007, the number of state stores declined from 173 to 160 while the 21 and older population grew by 68 percent. These factors have dramatically increased the number of people served by each state store, from 7,773 in 1980 to 14,840 in 2007. In the 2009-11 Biennium, liter sales are projected to grow by 10 percent and revenue by 13 percent. Additional stores are needed to maintain the current level of service as demand for product continues to grow.

### **Solution:**

- Develop and utilize an enhanced Leasing and Store Development Plan when selecting store sites.
- Stagger store openings to reflect market priorities and balance available resources.
- Adopt Sales, Inventory, and Operations Planning (SIOP) methodology for sales projections.
- Utilize consultant report from ECO Northwest to help identify under-served locations.

**Stakeholders:** WSLCB, store employees, unions, citizens, district managers

**Partners:** Office of Financial Management, Legislature

**Lead Division(s):** Retail

**Participating Division(s):** Financial, Information Technology Services, Human Resources, Purchasing, Distribution Center

**Start Date:** July 2009

**Finish Date:** September 2015

## **Current Agency Operations Initiatives Extending Beyond FY2009-11**

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Build capacity to meet current and future demands of retail And wholesale business customers.

**Strategy:** Implement a new staffing model to ensure state stores are staffed with the “optimal level” of store employees.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Continue to improve the efficiency of the warehouse operation.

**Strategy:**

- Implement just-in-time supplier delivery strategies.
- Increase fill rates to a yearly average of 95 percent.

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect today’s dynamic environment.

**Outcome Desired:** Improve licensing system

**Strategy:**

- Establish objective criteria for determining when there is an over concentration of liquor license outlets.
- Modify or remove the statewide formula that limits the number of restaurants that sell spirits/beer/wine.
- Create a new nightclub license.
- Modify license requirements to align with new business models of establishments licensed to sell alcohol.
- Establish research and evaluation methods and criteria to assess the effectiveness of alcohol regulations.

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect today’s dynamic environment.

**Outcome Desired:** Improve the licensing process and service delivery with innovative use of technology and appropriate allocation of resources.

**Strategy:**

- Use technology to provide excellent customer service.
- Continue to streamline licensing processes by eliminating or modifying steps or excess waiting periods in the process.
- Obtain funding for adequate staffing to maintain high levels of service for a growing number of license applicants.
- Seek an appropriation to fund a full-time coordinator for the Mandatory Alcohol Server Training (MAST) program.
- Implement direct shipment laws (2SSB 6823 and ESB 6537) enacted by the 2006 Legislature.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Reduce WSLCB risk-related losses.

**Strategies:** Continue to maintain strong risk management practices and obtain resources to meet increased demands for business continuity, hazard mitigation and disaster recovery planning.

**Goal:** Create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data driven decisions, and business initiated process improvement including the use of integrated technology.

**Outcome desired:** Improve agency operations and decision-making through ready access to operational data and analysis.

**Strategy:** Implement an information technology system permitting user access to, and analytical use of, the WSLCB's operational data.

**Goal:** Create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data driven decisions, and business initiated process improvement including the use of integrated technology.

**Outcome Desired:** Strengthen information technology infrastructure to support agency planning and operations.

**Strategy:**

- Augment Information Technology Services staffing levels: Service Desk, Applications

and Network operations

- Reduce the backlog of work requests and change orders
- Fund equipment/software replacement plans
- Continue to improve service processes via the Information Technology Infrastructure Library (ITIL)
- Develop information technology architectural standards
- Develop standardized project management processes

**Goal:** Recruit, develop, retain, promote and value a highly competent and diverse workforce capable of responding quickly and effectively to challenges in our business and regulatory environment.

**Outcome desired:** Develop and implement labor relations strategy

**Strategy:**

- Assist all divisions in developing processes to administer, manage and respond to labor matters in a professional and timely manner.
- Implement a cooperation/compliance approach.
- Conduct contract negotiation, training and administration.
- Increase staffing and resources for Labor Relations program.

**Goal:** Create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data driven decisions, and business initiated process improvement including the use of integrated technology.

**Outcome Desired:** Operational efficiency with business intelligence.

**Strategy:** Develop and implement a fully integrated information technology system across the agency.

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect today's dynamic environment.

**Outcome Desired:** An integrated licensing data and workflow system that will support all WSLCB divisions that work with retail and non-retail licensees, permit holders, mandatory alcohol server training providers and trainers, and other entities regulated by the WSLCB. This system is to be designed to meet the current business needs with sufficient capacity and

flexibility to allow simple modification as necessary to meet changes in WSLCB process and a changing business environment.

**Strategy:** Perform a business needs assessment of the Licensing and Regulation division together with the Enforcement and Education division and all other internal WSLCB stakeholders. In cooperation with Information Technology Services, develop a technology plan for the regulatory function of the WSLCB. This plan is to take into account the changing business environment and the desire for remote public access to WSLCB services through the internet.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Provide retail customers a self-service source of accurate and complete information, and a platform to deliver services.

**Strategy:** Place WSLCB-managed, all brand-inclusive kiosks in select stores to provide product information, social responsibility messaging, and interactive services such as banquet permits and special orders.

**Goal:** Provide the highest level of public safety by continually assessing, analyzing, improving and enforcing laws, regulations and policies and ensuring they are easy to understand, effective and reflect today's dynamic environment.

**Outcome Desired:** Increased public safety.

**Strategy:** Supplement human skills with modern technology to verify authenticity of presented ID's for state liquor store purchases.

**Goal:** Promote a workplace that keeps employees safe and reduces agency liability through an integrated program of risk management, safety and wellness.

**Outcome Desired:** Replace security equipment at the Distribution Center security office to upgrade to current technology with the capability to view store activity at the security office.

**Strategy:** Research current technology solutions for the security office to allow:

- The development of a security equipment plan utilizing knowledge gained
- Replacement of end of life equipment
- Expansion of WAN to allow remote access to store camera systems

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Modify WSLCB tax reporting systems to accommodate a quarterly report filing schedule as an alternative to the current monthly only option.

**Strategy:** There has been a high level of interest from many types of beer and wine tax filers to have a different reporting schedule other than the current monthly requirement. We propose to add quarterly reporting to the WSLCB beer and wine tax system, on-line e-filing system and Surety bond system to allow filers with a low tax liability to file less often.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Pallet Management

**Strategy:** Create a centralized pallet management program in order to reduce problems, streamline the pallet handling processes, and oversee the proper accounting of these assets.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Distribution Center capacity to address current and anticipated constraints associated with our growing business.

**Strategy:** Develop and implement an effective capacity planning strategy, and review strategies annually to identify and make any necessary changes.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Maximize financial return to the state and improve customers' experience through consistently providing retail store environments that reflect our desired brand image and mission of public safety and controlled distribution

**Strategy:** Create store environments that consistently communicate the desired image of the Liquor Control Board through store location, modern signage, attractive shelving and display fixtures, public safety messaging, uniformly dressed employees, and clean floors and counters.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Provide easily accessible information to suppliers to enable them to

provide better service to the WSLCB, reducing operational costs and increasing sales through better product availability.

**Strategy:** Develop an internet-based, interactive Supplier Portal to provide suppliers with updated supplier-specific information about inventory levels, order status, delivery appointments, performance data, and reports.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation.

**Outcome Desired:** Improve the efficiency and ease of beer and wine tax reporting. During the 2007-09 Biennium, the WSLCB implemented an electronic payment and filing system. The scope of this original project included reporting requirements for breweries, wineries and retailers. There was not funding in this initial project for other types of filers.

**Strategy:** We would contract with Coraxis, the designer of the original system, to expand the system to include other reporting groups (wine and beer distributors, wine and beer importers, beer and wine Authorized Representative Certificate of Approval Holders, craft distilleries and public house licensees).

**Goal:** Create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data driven decisions, and business initiated process improvement including the use of integrated technology.

**Outcome Desired:** Improve agency operational performance through consistent measuring and analyzing of results and integrating Baldrige criteria into daily business practices.

**Strategy:** Dedicate resource(s) to provide technical assistance and consultation to divisions on Washington State Quality Award (WSQA) related action plans in alignment with Baldrige criteria and build capacity within divisions to support internal and external assessments.

**Goal:** Maximize financial return to the state and local government by running an efficient business operation and create a culture that fosters excellent customer service, open and honest communication, transparency, accountability, data driven decisions, and business initiated process improvement including the use of integrated technology.

**Outcome Desired:** Improve the consumers and licensees' experience with ordering special orders.

**Strategy:** Implement an internet-based ordering system to allow customers to place orders for special-ordered products on-line and receive direct communication about their orders. In designing this system, examine entire special order process cycle time, identify steps that could be shortened, and implement solutions that will streamline the process and enhance

communication. A future use of the online ordering system could be to allow licensees to enter orders for regularly listed products.

Early in Calendar Year 2008, the WSLCB entered into a pilot program with the Department of Personnel to address areas of concern and impact on the workforce that were identified by the agency. We feel the work already completed and that will be completed over the coming biennium address both questions included in the Office of Financial Management (OFM) instructions:

- What are the key workforce issues that will affect agency performance?
- What workforce issues must be addressed to achieve your business goals?

The issues identified during the initial meetings with DOP are listed below. The agency is currently developing a workforce plan to address these areas in conjunction with guidance and assistance of DOP.

### ***#1 Workforce Issue – Growth in enforcement, retail, and licensing activities has and will continue to strain existing administrative support (Human Resources, Finance, and Information Technology Services).***

- Need administrative support for business growth
- Need for integrated ITS support
- SIOIP – Anticipating needs to identify and implement solutions

### ***#2 Workforce Issue – The agency is not building and maintaining a culture that attracts and retains value-added employees for the agency.***

- Culture – need for growth, development, mentoring, and coaching
- Career progression – lack of mentoring from supervisor to employee
- Need management analytical skills development
- Absence of analytical and planning support for regulatory and licensing areas
- Lack of direction in career development
- Too many specialties with lack of depth (ITS)

### ***#3 Workforce Issue – Critical safety issues need to be addressed better.***

- Need more strategic focus on safety
- Lack of safety resources and skills
- Lack of informed planning on safety risk issues
- There are several high risk safety areas:
  - Retail employees – robbery
  - Distribution Center – heavy equipment
  - Enforcement needs - weapons training

**#4 Workforce Issue – WSLCB has difficulty managing the impact of turnover.**

- Available salaries are not competitive
- Cost of living is growing, particularly in Seattle (enforcement/warehouse).
- Salary structure does not fit licensing system
- Perception that agency is repressing warehouse salaries

## Appendix II - FY2007 Annual Report

The FY2007 Annual Report is available on the WSLCB Web site at [www.liq.wa.gov](http://www.liq.wa.gov)

**The mission of the Washington State Liquor Control Board is to contribute to the safety and financial stability of our communities by ensuring the responsible sale, and preventing the misuse of, alcohol and tobacco.**