



Strategic Plan

Fiscal Years
2020 - 2022



Virginia Alcoholic Beverage Control Authority

Letter from CEO



Travis G. Hill
Chief Executive Officer

Each of us in our personal lives has had to make decisions about our time and resources, to prioritize those things we individually identify as most important. Some decisions around prioritization are easy; others are more nuanced and require additional information to make an informed decision; and some we struggle to determine what is best and still are not sure if we made the right decision. For a business to be successful, its employees must have a clear understanding of not only the business's mission, vision, and values but also clarity on the business priorities and future goals of the business. Employees must know that they are expected to accomplish, and how these accomplishments enhance and support the business.

Our strategic plan, as represented in the pages that follow, utilizes collaboratively developed priorities informed by data that gives us insight into our operations, to help us chart our path forward. The initiatives highlighted in this plan encompass each of Virginia ABC's strategic goals and objectives established in the fall of 2019. The Authority will continue to identify and implement processes to realize the projected outcomes of the strategic plan and the opportunities afforded by the Authority structure. Leadership will define a clear line of accountability for delivering on the strategic plan and regularly monitor the progress against operational and strategic goals. Leadership strives to build internal strategic and operational trust while also increasing employee engagement and opportunities for career growth and professional development for the Authority.

The Strategic Plan will be the foundation on which we develop policies and procedures to determine what projects and tasks will be initiated, how they will be prioritized, and how we will measure success. We will spend the next 4–6 months developing policies and procedures to ensure we are making data-driven decisions as we continue to implement the Strategic Plan. If nothing else, the last few months have taught us the importance of having a plan, but also understanding that you can never account for every eventuality. For that reason, the plan we've developed focuses first on our values—the essence of which should drive our every action. Next, we set forth our strategic goals that give meaning to our values. Achieving our strategic objectives through the projects identified will give substance to the goals we've set forth. Of course, circumstances change that can alter priorities and impact projects, however in focusing on our goals we can be certain that we will continue to deliver according to our values, irrespective of the times in which we live. The plan is done, now we must put in the work and take accountability for delivering on that which we've declared will fulfill the public trust in delivering revenue and enhancing public safety for the Commonwealth.

A handwritten signature in black ink, appearing to read "Travis G. Hill".



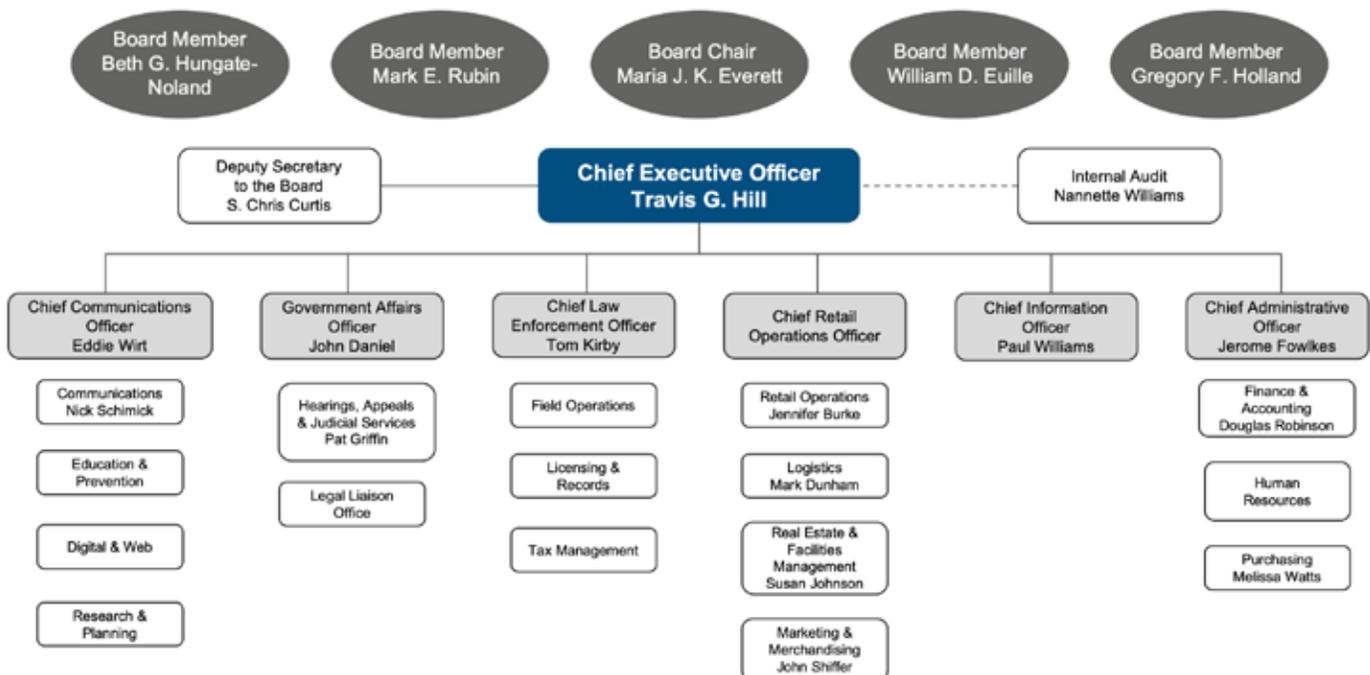
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Executive Summary



Virginia ABC Organizational Structure



Virginia ABC Authority Principles



MISSION

To generate a reliable stream of revenue for Virginia and promote public safety through the responsible sale and regulation of alcoholic beverages.



VISION & VALUES

Virginia ABC is a customer-focused organization that builds trust through respect, collaboration and communication. We build public trust by working according to our shared values of Accountability, Service, Integrity and Performance Excellence.



Accountability:

We build trust by delivering on our promises.



Service:

We take pride in our role as public servants and put customers, both internal and external, first in all we do.



Integrity:

We are fair, consistent, transparent and treat everyone with respect.



Performance Excellence:

We are innovative, collaborative and strive to improve every day.

Process

Between September 2017 and May 2018, Virginia ABC staff and a consultant hired through the Community College Workforce Alliance facilitated a strategic planning process in which more than 100 employees provided input. Five strategic pillars were developed and approved by the Board and a champion and process coach were assigned to each of the pillars. The pillars were Employee Experience, Infrastructure, Public Safety, Sales & Profitability, and Brand. More than 200 ideas and initiatives were identified to operationalize the strategic plan through fiscal year 2022. The organization chose a total of 22 ideas for implementation.

As fiscal year 2020 commenced, Authority Leadership recognized a number of initiatives had commenced and some were well on their way to being operationalized or completed. Leadership determined it was time to review and refresh the strategic plan. The five strategic pillars were collapsed into three high-level goals accompanied by a series of objectives. Each Division was asked to identify its current and future initiatives and the goals and objectives the initiatives supported. C-suite reviewed and prioritized the initiatives while considering the following criteria: Strategic Fit, Rate of Return, Benefit of Change, Duration of the Initiative, and Level of Effort.

Our Background



More than a store

Virginia Alcoholic Beverage Control Authority (Virginia ABC) is an independent authority of the Commonwealth of Virginia. This status permits Virginia ABC to provide greater value to the citizens of Virginia through enhanced service and profitability. Virginia ABC serves its citizens through a diverse range of activities including distilled spirits distribution, and sales, alcohol related regulation and law enforcement, judicial services to Virginia ABC licensees, and education and prevention services to many Virginia communities.

Virginia ABC operates over 388 retail stores and 10 regional offices across the Commonwealth. Made up of a team of nearly 4,500 statewide employees, the Authority is a leading revenue producer for Virginia and a source of future economic growth and innovation for the Commonwealth. The profits that Virginia ABC contributes are collected from sales of distilled spirits at Virginia ABC stores, taxes on beer and wine sales, violation penalties and license fees. This revenue provides much needed funding for use in programs across all secretariats, thus benefiting citizens in all areas of the state whether or not they choose to drink alcoholic beverages. During the last five years, Virginia ABC has contributed more than \$2.2

billion to the general fund in the last five years, which supports major education, health, and transportation initiatives, as well as other state-funded operations. Profits transferred to the Commonwealth during fiscal year 2019 were \$499.5 million from gross revenue of \$1.1 billion in store sales.

Virginia ABC's Bureau of Law Enforcement is charged with enforcing the alcoholic beverage control laws and regulations governing the manufacture, distribution, sale and consumption of alcoholic beverages and tobacco, while utilizing innovative education and community partnerships

The authority's Education and Prevention Section reaches thousands of Virginians across the Commonwealth with responsible use messaging and education through its fifteen programs. Each program is customized to meet the needs of individual groups such as high school students or licensees.

More detailed information about Virginia ABC is available through its website: www.abc.virginia.gov.



Strengths



- ▶ High degree of knowledgeable, dedicated, and tenured employees.
- ▶ Reliable source of revenue for the General Fund and other state agencies. Fiscal year 2019 was Virginia ABC's 21st year in a row of record sales and profits.
- ▶ Wide product selection throughout the store network with each store having a customized product mix.
- ▶ Consumer-facing marketing brand, Spirited Virginia, featuring a magazine and e-newsletter. Implementation of creative marketing strategies and promotions with positive consumer response.
- ▶ Expansion of retail store network using models to determine areas most in need of additional service.
- ▶ Effective use of cross-functional committees such as Product Management Committee for product changes, marketing and merchandising methods and Real Estate Committee for store location planning.
- ▶ Genuine desire for organizational improvement, innovation, quality, and customer service.
- ▶ Work environment that encourages work/life balance and offers job security in a family like atmosphere.
- ▶ High priority of public safety with an accredited law enforcement authority, alcohol education and prevention programming, and underage buyer (UAB) compliance rate of 98%.

Weaknesses



- ▶ In fiscal year 2019, Virginia ABC exceeded its storage capacity in the warehouse and central office.
- ▶ Aging technology and infrastructure limits capabilities and requires progressively increasing resources to maintain.
- ▶ Difficulty recruiting and retaining technical, highly specialized and competitive jobs (e.g. IT, sworn agents, Procurement).
- ▶ Turnover is higher than historical rates.
- ▶ Lack of a formalized succession planning program.
- ▶ Inconsistent processes, communication and cultures between divisions creates silos across the organization.
- ▶ Employee engagement below organization's desired level.
- ▶ Lack of a unified, internally focused public safety position. There is a need to balance the expectation to increase sales and contributions to the general fund, while concurrently educating licensees and enforcing compliance with the responsible sale and consumption of alcohol.
- ▶ Lack of role clarity on key stakeholder ownership.
- ▶ Inconsistent understanding and application of project management methodology.

Opportunities



- ▶ Improved agility and streamlined operations, made possible because of the Authority structure.
- ▶ Enhanced data-driven decision making through improved data analytics (e.g. ROI / KPI analysis).
- ▶ Continued improvement of licensee compliance with laws and regulations (e.g., UAB compliance)
- ▶ Newer systems to enable more automation, access to data, and efficiencies to provide best-in-class internal and external customer service.
- ▶ Improved levels of engagement and communication with key stakeholders, such as licensees and industry stakeholders.
- ▶ Potential to grow incremental sales and profits through improved special order product management, enhancing the product portfolio for retail stores and the website, and taking advantage of industry trends toward premium products.

Threats



- ▶ Appropriation Act profit transfer requirements for fiscal year 2021 are \$194.5 million. Risks to meeting this profit requirement include economic declines and weather fluctuations, particularly during the holiday season.
- ▶ External proprietary and political considerations that influence operational decisions, especially in the areas of revenue goals and retention of profits for reinvestment.
- ▶ Projected Increased in expenditures in improving information technology infrastructure and unforeseen issues with VITA off-boarding.
- ▶ Limitations on product variety due to warehouse facility reaching capacity.
- ▶ Recruitment and retention of sworn agents due to retirements and significant competitive salary issues with other local, state and federal law enforcement agencies.
- ▶ Increased competition and customer expectations for online/e-Commerce capabilities.

A **SWOT** analysis is a structured methodology for the identification of an organization's strengths, weaknesses, opportunities and threats.

Strategic Goals and Objectives

1

Invest in our people to foster an inclusive, flexible and engaged workforce.

1. Recognize employee contributions and successes, and use employee feedback to increase employee retention and engagement.
2. Compensate employees consistent with competitive market principles, performance, experience, and skills.
3. Provide access to various levels of educational opportunities and incentivize participation.
4. Encourage innovation in processes that increase efficiency and improve service to the public.
5. Implement leadership and management development programs that empower ABC managers and supervisors to help all employees maximize their potential.
6. Cultivate inclusivity by supporting initiatives that emphasize and educate employees on the value of diversity.

2

Enhance public safety, education, health and welfare.

1. Maintain status as a premier law enforcement organization and accreditation through the Virginia Law Enforcement Professional Standards Commission (VLEPSC).
2. Develop agents with a fair and solution-oriented mindset when it comes to enforcement of laws regarding possession, sale, transportation, distribution, and delivery of alcoholic beverages in the Commonwealth.
3. Focus on emerging trends in the beverage alcohol industry, building awareness of activities at all three tiers of the alcoholic beverage distribution system.
4. Implement and manage a state of the art licensing system that facilitates applications and continued operations of ABC-licensed establishments.
5. Conduct collaborative programs with partners to facilitate public safety efforts and increase awareness of the impacts of alcohol and compliance with the Commonwealth's alcoholic beverage laws.
6. Ensure agents and employees are accessible and responsive to stakeholders in a timely and consistent manner.

3

Deliver exceptional customer experiences in a trusted and innovative environment.

1. Invest in physical and information technology infrastructure that seamlessly supports the authority, providing accurate and actionable information.
2. Build a brand known for providing consistent superior service and an outstanding customer experience by empowering our people.
3. Maintain marketing programs that drive profitability and exceptional value to customers.
4. Provide product selection and availability that responds to market trends and customer demands.
5. Transact business in a fashion where we have a positive impact on our communities while meeting fiscal responsibilities.



1

Invest in our people to foster an inclusive, flexible and engaged workforce.

Following a successful transition to an authority structure over the last two years, Virginia ABC will continue to allocate resources and focus on workforce development, performance management, compensation practices, and cultural inclusivity at all levels of the organization. Using employee-related key performance indicators and the evaluation of employee surveys to measure change, ABC strives to create an environment where employees flourish and achieve high levels of engagement, leading to higher levels of productivity and overall job satisfaction. As outlined in the table located on page 12, ABC hopes to attain these goals using a combination of face-to-face meetings and events, performance incentives, and enhanced learning opportunities via classroom and remote training. Employees will be encouraged to innovate, improve processes, and share in recognition for working according to our shared values of Accountability, Service, Integrity and Performance Excellence.

In order to increase employee retention, Virginia ABC will define the employee life cycle to better understand employees and their needs throughout their career. By analyzing current employee turnover through the collection of baseline information from exit interviews, an employee engagement survey and other internal resources, the Authority can develop new strategies to increase retention, including developing a formal succession planning program, especially in mission-critical positions. Virginia ABC will also benchmark employee turnover statistics and identify strategies used at other companies to boost employee retention.

In order for Virginia ABC to remain a competitive employer while also achieving company goals, the Authority will research and develop a “pay for performance” strategy to provide performance incentives for employees. By



identifying Virginia ABC’s compensation philosophy and assessing the current performance evaluation process, the Authority can determine how to link performance and pay more closely to promote behaviors and results aligned to Virginia ABC strategic goals.

Virginia ABC strives to define the intended and desired Authority culture, one that provides an environment conducive to learning and a positive work experience for all employees; emphasizes results; and exceeds expectations of a responsible community partner. To achieve the ideal state, Virginia ABC will define the cultural attributes of the Authority, including why employees want to work at Virginia ABC; stress the benefits of leading by example; allow for efficient workflows and continuous process improvement, and promote diversity and inclusion.

Initiatives that will assist the Authority to make Virginia ABC an “Employer of Choice” include but are not limited to celebrating the work and contributions of ABC employees,

increasing and standardizing opportunities to train leadership and managers and replacing the human resources system. Virginia ABC will continue to recognize the work of its employees through an ABC Honors program. The Honors program provides employees the opportunity to acknowledge and reward the knowledge, skills and abilities of their coworkers. **(Goal 1 Obj. 1)** A year-long program for leadership and management will be re-instituted. The leadership and management program will have a curriculum and activities based on the strategic direction of the Authority. **(Goal 1 Obj. 5)** The Supervisor Academy will continue. The Supervisor Academy is an annual three-day conference addressing management knowledge and skills for employees with direct reports or employees who manage processes. **(Goal 1 Obj. 1)**

Virginia ABC values inclusivity and diversity and recognizes the benefits both contribute to identifying implementing, and fostering the desired culture within the Authority. Traditionally, diversity has been defined to address only federal and state protected classes (e.g. race, ethnicity, disability, gender, age). ABC will define diversity to ensure it encompasses additional factors valued by ABC such as thinking and learning styles, life experiences, education, and generation. Inclusivity means valuing the knowledge and skills each employee brings to the Authority and ensuring all the right individuals are at the table when making decisions.

Diversity and inclusivity will be promoted through a number of ABC's objectives and initiatives including but not limited to those described below. Human Resources will continue to host C-Suite Chats as these meetings are intended to provide a platform for employees to discuss with members of the Executive leadership team their feelings about their work environment and the authority's culture. **(Goal 1 Obj. 1)** Human resources will develop workshops and trainings designed to increase cultural competencies and inclusion skills for Leadership and employees and will update policy and procedures accordingly. **(Goal 1 Obj. 3, 5 and 6)** The Digital and Web Unit will install software that will address ADA compliance to ensure our website is accessible to all employees and members of the public. **(Goal 3 Obj. 1 and 6)** Additionally, Procurement will work to increase the use of SWaM vendors. **(Goal 1. Obj. 6)**

Working to hear concerns and share experiences, we are committed to providing resources to facilitate conversation and understanding at Virginia ABC. We will begin by engaging a Diversity and Inclusivity specialist in this effort to

help facilitate sharing the perspectives and viewpoints held by our teammates. From that engagement, we will work to leverage what is shared to identify those areas in which we need greater awareness and action. We will take tangible steps based upon our conversations to strengthen ABC and assure that we are at place where all perspectives are valued and respected.

Division Mission Statements

✓ DIGITAL & WEB

To provide day-to-day management and strategic leadership for Virginia ABC's websites, ecommerce and related web-based applications, as well as system ownership of other digital systems such as Accounts Central and SharePoint.

✓ COMMUNICATIONS

To employ synergistic strategies that strengthen Virginia ABC's identity and reputation through accurate and timely communications.

✓ PROCUREMENT

To serve, support, and collaborate with our customers and each other so we can deliver innovative, timely, and accurate solutions that create value and streamline processes in support of Virginia ABC goals and initiatives.

✓ HUMAN RESOURCES

To deliver innovative and exceptional solutions to our customers in an expanding business environment through collegial relationships, which foster trust, confidence, and integrity.

Descriptions for several of the initiatives supporting Strategic Goal #1 were provided above. The table below identifies the relevant objective, responsible division and timeline for commencing all the initiatives related to Strategic Goal #1.

Goals and Objectives | *continued*

Objectives	Initiatives				
	■ In flight	■ Initiative will commence within 24 mos.	■ Initiative will commence after 24 mos.		
1. Recognize employee contributions and successes, and use employee feedback to increase employee retention and engagement	ABC Honors Ceremony (HR)	C-Suite Chats (HR)	Employee of the Month (Retail)		
2. Compensate employees in a manner that is consistent with competitive market principles, according to employee performance, experience, and skills	Employee Incentives (Retail)	Employee Referral Program (HR)	Pay for Performance (Mercer) (HR)		
3. Provide access to various levels of educational opportunities and incentivize participation	Implementation of Virtual Coursework to Enhance Learning (HR)	Development of an Online Order (OLO) POS Training Development (HR)			
4. Encourage innovation in processes that increase efficiency and improve service to the public	Contingent Labor Workforce Support and Augmentation (Procurement)	Content Strategy Refresh (Digital & Web)	SharePoint Refresh/Migration (Digital & Web)	PPM Tool (PMO)	
	Supply Warehouse Transitioning (Procurement)	New Store Tracker (Real Estate & Facilities Mgmt.)	Process Improvements Human Resources (Mercer) (HR)	Processes – Project and Operational Planning (Cultural Road Map)	
5. Implement leadership and management development programs that empower ABC managers and supervisors to help all employees maximize their potential	Recognition Program, Monthly and Annually (Retail)	Leadership and Management Program (HR)	Supervisor Academy (HR)	Education and Information (Cultural Road Map)	Culture (Cultural Road Map)
6. Cultivate inclusivity by supporting initiatives that emphasize and educate employees on the value of diversity	Small, Woman-owned, and Minority-owned Businesses (SWaM) initiatives (Procurement)	Decision Making and Accountability (Cultural Road Map)	Organizational Diversity, Equity and Inclusion Assessment		

2

Enhance public safety, education, health and welfare.

Virginia ABC takes an authority-wide approach as it endeavors to enhance public safety, education, health and welfare across the Commonwealth. From ABC agents working with licensees, to the creation of a new alcohol abuse prevention program and ABC store employees checking IDs, the Authority remains committed its public safety responsibilities while responding to an ever-changing alcoholic beverage marketplace. ABC takes pride in responding to customers and has embarked on a number of initiatives to more swiftly and accurately respond to a diverse set of stakeholders throughout Virginia.

Virginia ABC's Bureau of Law Enforcement earned its initial accreditation in December 2015, placing it in an elite group of less than 100 accredited law enforcement agencies in the Commonwealth. This important milestone supports an ongoing culture of professionalism and accountability and completed one of the significant recommendations set forth by Governor McAuliffe in Executive Order 40 (2015). Since then, ABC has maintained its accreditation by the Virginia Law Enforcement Professional Standards Commission (VLEPSC) and will continue to use these standards within operations of the Bureau of Law Enforcement. **(Goal 2 Obj. 1)**

The Bureau will continue to conduct underage buyer checks for the illegal purchase of alcohol and tobacco products to monitor licensee compliance.

In fiscal year 2021, a new public facing technology initiative will be implemented as technology and relationships with industry partners serve as primary drivers of change for the Authority. Development of a new licensing system will enable license seekers an automated method to apply, renew and pay for the most appropriate license for their business. **(Goal 2 Obj. 4)** Further, several divisions will continue to work with their constituents to refine programs in the areas of skill gaming, college-aged substance abuse prevention, and legislative and regulatory changes.

Initiatives intended to identify and educate licensees, stakeholders and the general public regarding statutes and regulations and reward compliance will assist the Authority to achieve the objectives identified below.

The Authority's initiative to participate in a Bench Bar Conference will provide stakeholders, licensees, lobbyists and practicing attorneys information on modified ABC topics (e.g. expanded use of mediation and negotiation), and new topics (e.g. new licenses, skill games), and procedural changes. The conference will touch on new legislation including but not limited to license modernization legislation, HB 390 and SB 389 with a starting effective date of July 2020, new policies, as well as traditional approaches and procedures. This effort will communicate to participants current and future initiatives and provide an opportunity for an exchange of ideas. **(Goal 2 Obj. 5)**

Throughout FY 2021, Virginia ABC will implement license reforms passed in the 2020 legislative session, and pending

completion of the new licensing system, will establish an Outstanding Licensee Program (OLP) to spotlight some of the Commonwealth's leading alcoholic beverage retailers. OLP provides an incentive for Virginia ABC licensees to improve their standards of operation to the level of commonly agreed upon benchmarks. OLP also strives to increase communication between Virginia ABC and licensees when it comes to compliance, training and regulatory/ legislative matters. Program benefits for licensees include enhanced employee morale, increased customer safety at licensed establishments, decreased violations and incidents in licensed establishments, active participation in periodic Virginia ABC stakeholder sessions, and increased goodwill generated for licensees through Virginia ABC- sponsored promotion. **(Goal 2 Obj. 6)**

Division Mission Statements

✓ EDUCATION & PREVENTION

To eliminate underage and high-risk drinking by building the capacity for communities to educate individuals and prevent alcohol misuse.

✓ HEARINGS

To offer licensees fair and unbiased hearing processes for addressing matters related to Virginia ABC law violations, contested applications and franchise disputes.

✓ ENFORCEMENT

To vigilantly promote the health, safety and welfare of Virginia citizens through the fair and impartial enforcement of laws and regulations governing the manufacture, distribution, sale and consumption of alcoholic beverages while utilizing innovative educational and community partnerships.

ABC will continue to enhance the Product Management process. The goal of product management is to make sure ABC product assortment provides customers with the current, new and emerging products they are seeking. **(Goal 2 Obj. 3)** This process assists the authority to identify new

Goals and Objectives | *continued*

trends and to manage the listings, delisting and advance buy procedures. Additionally this process assists with identifying specialty products (LTOs, barrel programs), holiday merchandise, identifying new, in-demand categories (CC&HS), and new product opportunities, e.g. 200 ml market test.

Descriptions for several of the initiatives supporting Strategic Goal #2 were provided above. The table below identifies the relevant objective, responsible division and timeline for commencing all the initiatives related to Strategic Goal #2.

Objectives	Initiatives		
	■ In flight	■ Initiative will commence within 24 mos.	■ Initiative will commence after 24 mos.
1. Maintain status as a premier law enforcement organization and accreditation through the Virginia Law Enforcement Professional Standards Commission (VLEPSC)	Maintain VLEPSC Accreditation (Enforcement)	Executive Order 40 Continuation of Concepts (Enforcement)	
2. Develop agents with a fair and solution-oriented mindset when it comes to enforcement of laws regarding possession, sale, transportation, distribution, and delivery of alcoholic beverages in the Commonwealth	Underage Buyer Program (Tobacco) (Enforcement)	UAB Alcohol Compliance Checks/ UAB Alcohol Program (Enforcement)	
3. Focus on emerging trends in the beverage alcohol industry, building awareness of activities at all three tiers of the alcoholic beverage distribution system	Product Management (Marketing)	Content Development and Implementation for Spirited Virginia Magazine (Marketing)	Skill Gaming Project (Enforcement)
4. Implement and manage a state of the art licensing system that facilitates applications and continued operations of ABC-licensed establishments	Licensing System Replacement Project (Enforcement)		
5. Conduct collaborative programs with partners to facilitate public safety efforts and increase awareness of the impacts of alcohol and compliance with the Commonwealth's alcoholic beverage laws	Distillery Training (Education & Prevention Services)	Legislative Implementation Committee (Enforcement)	Bench Bar Conference (Hearings & Appeals)
6. Ensure agents and employees are accessible and responsive to stakeholders in a timely and consistent manner	Stakeholder Engagement (Enforcement)	Outstanding Licensee Program (Education & Prevention Services)	

3

Deliver exceptional customer experiences in a trusted and innovative environment.



Virginia ABC will continue to find ways to evolve from providing good customer service to creating a superior customer experience in all aspects of its regulatory and retailing role. This enhanced experience will also apply to internal and external customers and encompass all employees, from those working in large customer-facing operational divisions, to those employees supporting various operational units.

Technical and physical infrastructure will play a large role in customer service improvements. Most notable is the relocation of ABC's Central Office and Warehouse. On a truly historic day for Virginia ABC, the Authority officially broke ground at the site of the new headquarters and warehouse in Hanover County on February 4, 2020. Following remarks from Governor Ralph Northam, Secretary of Public Safety Brian Moran and Virginia ABC Chief Executive Officer

Travis Hill, a group of guests and dignitaries from Virginia ABC, Hanover County and the Department of General Services took the first shovel-full of dirt out to mark the beginning of construction for the future 315,000-square-foot warehouse and 95,000-square-foot headquarters. The aging infrastructure in both the warehouse and administrative headquarters has necessitated the move, as not updating the facilities will further constrain operations in the current buildings. Without a new facility, future revenues will be reduced, product selection will be limited and very old electrical and HVAC systems would still require modernization. The new warehouse will include ample room for the products, as well as provide a platform for future growth and expanding capabilities, especially in the e-commerce space. It will also feature a new warehouse management system and material handling equipment. The headquarters will have a modern design with more room for ABC's growing workforce needs. **(Goal 3 Obj. 1)**

Many of the authority's applications, hardware and operating systems managing various facets of the business for collecting, managing, reporting, reconciling, processing information are at their end of life. Most of the applications and operating systems were installed to meet the needs of the authority 15-20 years ago and have limited functionality and were not developed to work together. As the Authority's operations and business needs expand these systems need to be replaced. These applications and systems will be decommissioned as new functionality is delivered to Virginia ABC, to reduce security risks posed by out of date systems and to improve customer service, reliability, compliance, flexibility and the ability to manage and report data. **(Goal 3 Obj. 1)** The systematic collection, capture and user-friendly presentation of data enables data-driven decision-making, streamlines the decision process, increases stakeholder knowledge and engagement and fosters a collaborative environment. Data based analytics serve as the foundation for process improvement and performance measurement. Virginia ABC will identify and validate data sources, increase

Goals and Objectives | *continued*



employee knowledge of the use and consideration of data, present data in a user-friendly manner, and make data readily accessible. **(Goal 3 Obj. 1)**

A key initiative to assist with system replacement is IT Independence. The initiative is multifaceted and allows the business to take full advantage of its status as an Authority by migrating all systems and services from Virginia Information Technology Agency (VITA) to systems and services owned or contracted for by ABC. VITA has never been truly able to align support for ABC's 7-days-a-week operations – from the warehouse opening early to stores closing at midnight and peak business over every weekend – ABC's business needs have been at odds with the services required by the rest of the Commonwealth. As a result, the Authority requires a smaller and more nimble technology footprint than VITA can support. The authority is half way through the process of transforming out of VITA with a number of key facets in the coming months: implementing our own identity, network and security models, moving our core infrastructure to Private cloud, public cloud and 'Software as a service' models that are far more flexible and responsive than VITA can provide. The overall program objective will be achieved by a number of small, related initiatives, as well as major milestones – such as moving out of CESC by Summer 2020 and taking over the retail network by late fall of 2020 with the new Point of Sale (POS) rollout. The new POS system includes a touchscreen system and will support Sales and Audits' sales, settlement activity and reporting, Loyalty and our Ecommerce business going forward. **(Goal 3 Obj. 1)**

In fiscal year 2021 Retail Operations with the assistance of Real Estate and Facilities Management will open 11 new stores to better service the Commonwealth with Spirits. Retail Operations ended fiscal year 2020 piloting home delivery with one store. The pilot program was implemented to test the process in response to the concerns the coronavirus may have had on the authority's retail store operations. The pilot was successful and identified opportunities to modify process and procedures when the program is expanded to future stores. Retail will continue to work with the various divisions and units across the authority to identify and meet consumer needs, increase in-store traffic and on-line-ordering and consumer spending. **(Goal 3 Obj. 2 and 4)**

Virginia ABC's OmniChannel Business Plan is in its second iteration and the plan is focused on achieving a seamless user experience across all channels relevant to the buyer's journey to enhance customer service and increase sales and profits. This form of a business plan approaches Virginia ABC's ecommerce and store capabilities from the perspective of customers, and seeks the full availability of products, frictionless ecommerce, and a rich, content experience. The OmniChannel Business Plan is based on both consumer and licensee journey maps (inclusive of both online and brick-and-mortar experiences) and will undergo a second phase in 2020, following the addition of curbside pickup and next day delivery service to retail customers. **(Goal 3 Obj. 1)**

Marketing, in partnership with Retail and Logistics will continue to refine and enhance existing marketing programs and develop new and innovative programs to increase sales through targeted store displays focused on consumer consumption occasions, recipes, promotions and product education which includes in-store tastings. Content development supports Spirited Virginia email and social media, website (Promotions, Virginia Products, Cocktail Recipes) and provides ABC customers with the information and knowledge they seek to make more informed purchase decisions and provides new, innovative ways to use our products. Consumer program planning and implementation consists of proactive consumer engagement activities to drive traffic to stores and ecommerce, promote “extra bottle”, and help us compete with other Beverage Alcohol channels – Mini Monday, Spirited Thursdays, front counter programming, Door Busters, seasonal campaigns (e.g. holidays, Black Friday, Cyber Monday, Cyber Mom & Dad Days, summer, National Bourbon Heritage Month, Virginia Spirits Month), and partnerships. (e.g. Virginia Tourism, Wine Board) **(Goal 3 Obj. 3)**

Logistics conducts forecasting and demand planning for all promotional activity for ABC retail locations for both Marketing and supplier driven promotional programs. Improved accuracy forecasting and demand planning ensures the authority has the right levels of inventory in the ABC warehouse and retail stores to support marketing programs and promotions that drive profitability and exceptional value to customers through minimizing both out of stock and over stock in inventory. **(Goal 3 Obj. 4)**

As ABC continues to open new stores, expand its’ product selection and increase the number of licenses issued and licensees to manage, the authority has identified a need to explore the creation of a customer service department or call center devoted to responding to the numerous ad hoc questions from license applicants and the general public. This will be a major effort requiring the authority to answer a number of questions to determine what is required to implement a customer service department or call center that will reduce the number of calls fielded by all divisions and units, ensure consistency and timeliness of responses and exceed customer expectations **(Goal 3 Obj. 2)**.

Division Mission Statements

✓ **MARKETING**

To develop and implement consumer engagement, retail merchandising, and product management strategies that responsibly grow Virginia ABC sales and profits.

✓ **IT**

To provide technologies, systems and services to enable efficient effective and secure execution of the Authority mission.

✓ **REAL ESTATE & FACILITIES**

To perform acquisition, contract negotiation, and maintaining real estate for business operations, enforcement/regional offices, and retail outlets used to generate a reliable stream of revenue for the Commonwealth.

✓ **LOGISTICS**

To provide demand planning and item forecasts for wholesale suppliers and ABC retail stores to fulfill demand into the VA ABC warehouse and support retail inventory levels based on forecasted regular and promotional sales, ecommerce demand and available inventory in the ABC retail stores.

✓ **RETAIL OPERATIONS**

To support the public safety, customer service and revenue focus of the mission through the operation and management of retail stores..

Efficient and effective management of the authority means maintaining daily operational functions, implementing initiatives that enhance those functions, mitigate risk, and ensure compliance with all statutory and regulatory requirements. Establishing a Risk Register and heat map will provide the Authority’s C-Suite with the information needed to make informed, cost effective risk decisions through the presentation of an objective look at current and prospective risks in the IT portfolio for the organization as a whole. This would allow the authority to protect our data and our assets in a cost effective, business-centric manner while managing risk **(Goal 3 Obj. 5)**. The authority’s records management program also works to mitigate and reduce costs and risks. The Virginia Public Records Act requires Virginia ABC to

Goals and Objectives | *continued*

manage its records in an efficient and effective manner by identifying all the records created, used and maintained by the authority. The Authority must ensure records are maintained, stored, and destroyed in accordance with the requirements of the Library of Virginia. Following these requirements reduces costs associated with storing records and mitigates risk through the identification of records that must be maintained subject to an existing or pending legal hold (e.g. grievance, litigation, FOIA request etc.)

Implementation of tools and platforms that enhance the Authority’s ability to provide outstanding customer service include but are not limited to a sweepstakes platform for limited availability product lotteries, Search Engine

Optimization (SEO) and Search Engine Marketing (SEM). The Authority receives numerous inquiries regarding lottery product availability and lottery processes. The lottery platform manages the collection of lottery, submission and winners creating greater transparency into the lottery process. SEO and SEM tools are essential for increasing Virginia ABC’s visibility on search engines to generate increased traffic for the ABC website and to enhance our ecommerce footprint (**Goal 3 Obj. 2**).

Descriptions for several of the initiatives supporting Strategic Goal #3 were provided above. The table below identifies the relevant objective, responsible division and timeline for commencing all the initiatives related to this goal.

Objectives	Initiatives			
	■ In flight	■ Initiative will commence within 24 mos.	■ Initiative will commence after 24 mos.	
1. Invest in physical and information technology infrastructure that seamlessly supports the Authority, providing accurate and actionable information	Central Office and Warehouse Relocation (Real Estate & Facilities Mgmt.)	VITA Disengagement (IT)	Omni Channel Business plan, Digital Development, and E-Commerce (Digital & Web)	Cvent Software (Education & Prevention Services)
	Point of Sale and Sales Audit Replacement (Retail and FMS)	Cardinal Human Capital Management (HCM) Application (HR)	Accessibility Tool, Audit, Remediation, and Knowledge Transfer (Digital & Web)	Optical Character Recognition (OCR) Implementation (FMS)
	Master Data Planning and Execution (Logistics)	Maintenance Tracker (Real Estate & Facilities Mgmt.)	Inventory Management Solution (Education & Prevention Services)	Human Resources Information System (HRIS) Replacement Project (HR)
	Document Management System for Hearings Decisions and Licensee Case Findings (Hearings & Appeals)	Grant Management Software (Education & Prevention Services)	eVA Functionality Expansion (Procurement)	Workflow/Task Management Tool (Real Estate & Facilities Mgmt.)
2. Build a brand known for providing consistent superior service and an outstanding customer experience by empowering our people	Sweepstakes Platform for Lottery (Digital & Web)	New Store Openings (Retail)	Website Search Engine Optimization (SEO) (Digital & Web)	SEO/ Search Engine Marketing (SEM) tool and strategy (Digital & Web)
	Human Resources Consultant/ Recruitment Strategy (HR)	Online Ordering (OLO) Customer Service (Digital & Web)	Careers/Recruitment Section Content and Content Strategy (Digital & Web)	Operationalize Crisis Communication Plan (Communications)
	Brand Architecture w/ Spurrier (Communications)	Ad hoc Supplier Requests (Marketing)	Creation of a Customer Service Dept. (Retail, Digital Web and IT)	

Objectives	Initiatives			
	■ In flight	■ Initiative will commence within 24 mos.	■ Initiative will commence after 24 mos.	
3. Maintain marketing programs that drive profitability and exceptional value to customers	Consumer Programming Planning and Implementation (Marketing)	Promotional Merchandising (Marketing)	Shelf Merchandising (Marketing)	Promotional Sales Planning (Marketing)
	Authority Content Strategy (Communications)	In-store Tastings (Marketing)		
4. Provide product selection and availability that responds to market trends and customer demands	Statewide Planograms (Marketing)	Warehouse Inventory Replenishment Processes (Logistics)	SKU Optimization (Retail)	Home Delivery (Retail)
	Lotteries (Marketing)	Pop-Up Stores (Retail)	In-Store Solicitation and Responsibility Requests (Education & Prevention Services)	
5. Transact business in a fashion where we have a positive impact on our communities while meeting fiscal responsibilities	Records Management (Research & Planning)	Risk Register Project (Information Security)	Fraud Prevention (FMS)	Distillery Store POS Migration (Retail and FMS)
	Review of Authority Travel Policy and Use of Per Diem (FMS)	Develop Supplier Relationship Management Program (Procurement)		



Key Performance Indicators (KPIs)



Achievement of strategic goals and objectives requires monitoring performance across an organization, and Virginia ABC is no different. As such, every division within Virginia ABC has its own set of performance measures that leaders utilize to understand how their division is performing across various important aspects, everything from customer satisfaction to warehouse case throughput is monitored. Virginia ABC’s executive leadership has selected 15 of these performance measures to be Key Performance Indicators (KPI) that these executive leaders will review on a recurring basis. These KPIs address a combination of the Authority’s strategic goals, mission, and Commonwealth priorities. The goal for each KPI is identified as either Increasing or Decreasing, dependent upon what is being measured.

Strategic Goals	Authority Mission	Commonwealth Priorities
Spirits Share of Glass	Profits versus Forecast	Time to Hire
Customer Satisfaction	Sales versus Forecast	Percentage of Purchasing Spent via SWaM Vendors
Employee Turnover	Operating Costs as a % of Gross Sales	
Retail Store In-Stock Position	Number of Transactions	
Consumer Perception	Number of Online Transactions	
Public Safety and Health Composite Score	Average Transaction Amount	
	Authority Risk	

STRATEGIC GOAL KPIS

Executive leadership has identified seven KPIs that will help to monitor performance towards achieving the Authority's strategic goals.

KPI	Division	Performance Measured	Strategic Goal	Metric Goal
Spirits Share of Glass	Retail Operations	How do spirits purchases in the Commonwealth compare to purchases of other alcoholic beverages?	Goal #3: Deliver exceptional customer experiences in a trusted and innovative environment.	Increasing
Customer Satisfaction	Retail Operations	How satisfied are customers of Virginia ABC with their purchasing experience?	Goal #3: Deliver exceptional customer experiences in a trusted and innovative environment.	Increasing
Employee Turnover	Human Resources	How many employees choose to end employment at Virginia ABC?	Goal #1: Invest in our people to foster a flexible and engaged workforce.	Decreasing
Retail Store In-Stock Position	Logistics	Does Virginia ABC maintain stock of the products in stores?	Goal #3: Deliver exceptional customer experiences in a trusted and innovative environment.	Increasing
Consumer Perception	Marketing	How do consumers view Virginia ABC's products, prices, and services?	Goal #3: Deliver exceptional customer experiences in a trusted and innovative environment.	Increasing
Public Safety and Health Composite Score	Education & Prevention Enforcement & Hearings	Do education programs result in better licensed business compliance with laws and/or regulations?	Goal #2: Enhance public safety, education, health and welfare.	Increasing



Key Performance Indicators (KPIs)

AUTHORITY MISSION KPIs

Executive leadership has identified seven KPIs that will help to monitor performance towards meeting and/or exceeding the Authority's mission.

KPI	Division	Performance Measurement	Metric Goal
Profits versus Forecast	Finance	Are the monthly profits generated by the Authority consistent with the forecast needed to make profit transfers as determined by the General Assembly?	Increasing
Sales versus Forecast	Finance	Is the monthly revenue generated by the Authority consistent with the forecast?	Increasing
Operating Costs as a % of Gross Sales	Finance	Is the Authority controlling costs in order to be a good steward of the Commonwealth's funding?	Decreasing
Number of Transactions	Retail Operations	How are the number of sales transactions trending?	Increasing
Number of Online Transactions	Digital & Web	How are the number of online order transactions trending?	Increasing
Average Transaction Amount	Retail Operations	How is the average basket size for each transaction trending?	Increasing
Authority Risk	Internal Audit	How much process and/or internal control risk is identified and corrected within the Authority?	Decreasing

COMMONWEALTH PRIORITIES KPIs

Executive leadership has identified two KPIs that will help to monitor performance towards meeting and/or exceeding goals set by the Governor for certain Commonwealth priorities.

KPI	Division	Performance Measured	Metric Goal
Time to Fill	Human Resources	How long does it take from the time a job is posted until a hire is onboarded?	Decreasing
Percentage of Purchasing Spent via SWaM Vendors	Procurement	How much of the Authority's discretionary spending is spent at businesses certified by the Commonwealth as being small, women-owned, or minority-owned businesses? Governor Northam's Executive Order #35 on July 3, 2019 set a target of 42%.	Increasing



Division Mission Statements

✓ RESEARCH & PLANNING

To support all levels of Authority leadership for strategic and tactical decision making by providing data driven guidance, higher level analytical perspectives, financial analysis tools, and other value add activities. In addition to supporting internal leadership, provides a number of services to external stakeholders in support of Authority objectives.

✓ FINANCIAL MANAGEMENT SERVICES

To report ABC's financial position in a timely and accurate fashion providing financial/business information for various constituencies – including but not limited to: the ABC Board of Directors, legislature, executive branch, government agencies, auditors, creditors, and citizens.

✓ BUSINESS TRANSFORMATION OFFICE

To increase the organization's change management capabilities and serve as a resource to achieve the CEO's strategic objectives.

✓ INFORMATION SECURITY

To protect the confidentiality, integrity, and availability of systems and information through governing policies, standards, and education.

✓ INTERNAL AUDIT

To proactively ensure the Authority has a strong system of internal controls, is properly managing risk, and is adhering to applicable laws and standards by identifying potential internal control weaknesses and unmitigated risks that should be addressed by the organization.



Virginia Alcoholic Beverage
Control Authority