

**Virginia Department of Alcoholic Beverage Control**  
**Agency Accomplishments 2014-2017**

Virginia ABC is one of the 11 public safety agencies under the Secretariat of Public Safety and Homeland Security for the commonwealth. The agency focuses on administering ABC laws with a priority of protecting citizens to ensure convenient distribution and responsible consumption of alcohol. Virginia ABC is one of the leading revenue producers for Virginia and the profits that it collects help provide funding for use in programs across the entire Commonwealth. In 2015, the agency was recognized by StateWays magazine for overall best practices employed by a control state. StateWays is the only national magazine which covers issues that affect all states where their government manages distilled spirit sales. Virginia ABC has continued to experience record breaking years in which its annual gross sales have grown from \$800M to \$898M, more than a 12 percent increase from 2014 to 2016. Working hard to ensure the safety and regulation of alcoholic beverage consumption in Virginia, the agency continues to be recognized for its accomplishments and positive additions to the commonwealth.

**Accomplishments:**

2017

- Promoted expanded Sunday retail hours (opening at noon), and open for the first time New Year's Day 2017.
- Partnering with Library of Virginia on exhibition on Teetotalers & Moonshiners, Prohibition in Virginia Distilled exhibition and related events running April 3 – December 5, 2017.
- Improved supply chain and forecasting processes by implementing demand planning, which generates order recommendations that more closely meet consumer demand by store.
- In January 2017, submitted to the General Assembly the Virginia Alcoholic Beverage Control Authority's proposed procurement and human resources policies and procedures. ABC also worked with consultants throughout 2016 to plan for a successful transition that includes a part-time Board, a Chief Executive Officer (CEO) position, and the conversion of the entire workforce to the authority. ABC also initiated 13 multidivisional teams working on areas including, but not limited to, workforce conversion, implementation of procurement and human resources policies and procedures, as well as the roll-out of new authority mission, vision and values.

2016

- ABC's annual gross sales have grown from \$800M to \$898M, more than a 12 percent increase from 2014 to 2016. Over the last three fiscal years, ABC has returned a total of \$1.2B to the General Fund in the form of profits and collections.
- Initiated online ordering and lottery for equitable distribution of certain limited availability products and offered 38 products through online ordering and 27 products through the lottery process.
- Hearings and Appeals implemented a new mediation process, Alternate Dispute Resolution, and reduced the number of continuances granted from 110 in Fiscal Year 15 to 24 in Fiscal Year 16.
- Partnered with Virginia Tourism Corporation in offering five Virginia is For Lovers products for sale in four premier ABC stores beginning in 2016 and on multiple promotions beginning in 2015.
- Supervisory Academy launched and 88 supervisors trained in performance management, communication and coaching.
- Bureau of Law Enforcement held 37 training sessions statewide for local law enforcement agencies, instructing on Virginia's ABC laws and regulations through a grant-funded training series.

2015

- Awarded StateWays Magazine 2015 Best of the Best Award for overall best practices employed by a control state.
- ABC rolled out a new website in March of 2015, adding a user-friendly interface with ecommerce capabilities. The website redesign project received the Web Marketing Association's 2015 Web Award for Outstanding Achievement in Web Development. Recent changes to the website now allow for ordering from the warehouse and stores, with real-time inventory by store.
- Provided for electronic submission of wine tax purchase orders, invoices & summary forms.
- The Bureau of Law Enforcement received accreditation from the Virginia Law Enforcement Professional Standards Commission in late 2015, making the bureau one of only 100 accredited agencies in Virginia.

2014

- Since 2014, ABC has opened 27 new retail stores, relocated 33 and remodeled 24 stores. During this timeframe, more than two dozen stores were enlarged or underwent modernization for items such as new flooring or lighting.
- Since 2014, 556 new products were listed, and 88 of these were Virginia products.
- Since 2014, Hearings, Appeals and Judicial Services received 2,079 requests for hearings, 671 were heard by an ABC Hearing Officer, 158 were heard by the ABC Board on appeal and the others were settled by offer in compromises or consents.
- Since 2014, ABC issued 146 new brewery licenses, 35 distillery licenses, 56 farm winery licenses and 16 winery licenses (total 253).
- Since 2014, ABC stores maintained a 98% or higher annual compliance rate for not selling to underage buyers.

## Virginia ABC Agency Accomplishments: Website Redesign Project

- Virginia ABC's top communications tool is its website.
  - More than 1,302,342 visitors used the site (2,323,590 sessions) in fiscal year 2016 to find information about stores, products, educational programs, community initiatives, laws and regulations, licenses, jobs and much more. This is an increase in users and sessions over fiscal year 2015.
- Up until a few years ago, the agency's website was not efficiently helping Virginia ABC serve Virginia citizens.
  - The design wasn't visually appealing or mobile friendly
  - There were no transactional capabilities
  - The content was stale and disjointed
  - The information presentation represented the agency organizational structure, not customer needs
- August 2014 marked a critical turning point: with the redesign of its website, Virginia ABC embarked on a transformative journey to begin operating like:
  - A digitally savvy retailer who understands its customers and their needs
  - A societal advocate who knows how to engage a variety of prevention-minded audiences
  - A reliable and trustworthy administrator that serves as an effective resource for businesses and citizens
- In March 2015, Virginia ABC launched a completely new website built on a state-of-the-art content management system that offers a variety of the marketer-friendly capabilities essential for e-commerce.
  - The new design evoked a sense of sleek, credible sophistication while prioritizing content discovery and streamlined navigation irrespective of the user's chosen device.
  - Previously static content, such as tastings and recipes, were vastly improved, but the most visible new feature was the addition of a comprehensive and searchable product catalog that displays images and descriptions for all 2,600 spirits Virginia ABC carries.
  - The new website stepped into the world of e-commerce by allowing customers to place online orders.
- The redesigned website was a great step forward for Virginia ABC, but the agency recognized that it was only scratching the surface of its digital future.
- In 2016, the agency:
  - Launched its website-based limited availability products program, which focused on optimizing the distribution of high-demand, low-supply products.
  - Added individual pages for each of its 364 stores so customers can easily find pertinent information about the retail outlet and see what promotions and events are happening at the location.
  - Integrated the website and multiple existing back-end systems, including the product management system and the Point of Sale platform, to display real-time inventory of spirits at ABC stores.
  - Enhanced site-wide and added section-specific search functionality to help ensure customers can quickly and easily find exactly what they are looking for on the website.
- Among a variety of design optimizations and new functional enhancements, in 2017 Virginia ABC delivered to its stakeholders:
  - A Licensee Portal, which provides a one-stop shop for licensees where license renewals, purchasing history and reporting downloads can be performed/accessed from a single interface.
  - Store ordering capability allowing retail customers the convenience to compile digital orders based on in-store inventory, which ABC associates will pick and pack for customer pickup in 48 hours or less.
- Since the onset of its website redesign, Virginia ABC has embarked on a multi-year digital transformation that evolved its brand, introduced new business strategies, realized operational efficiencies and laid the foundation for more streamlined interactions with its licensee community.
  - These efforts have resulted in approximately \$800,000 in online ordering sales, and facilitated thousands of dollars more in sales of limited availability products distributed through a lottery process.
- With its bar stocked and mastery of a few classic cocktails established, Virginia ABC is now technologically ready to turn toward the future and explore more exotic concoctions.

## Virginia ABC Agency Accomplishments: Enforcement Earns its Accreditation

Virginia ABC's Bureau of Law Enforcement earned its initial accreditation 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 completes one of the significant recommendations made to the Governor by the ABC Law Enforcement Expert Review Panel.

- On December 1<sup>st</sup> 2015, Governor Terry McAuliffe announced that the Virginia Department of Alcoholic Beverage Control (ABC) Bureau of Law Enforcement received its initial accreditation from the Virginia Law Enforcement Professional Standards Commission (VLEPSC).
- The Commission, a panel of police chiefs and sheriffs from across the state, voted unanimously for the accreditation award.
- The accreditation program, administered through the state's Department of Criminal Justice Services, entails a thorough inspection and review of agency policies, procedures, processes and operations as defined by 190 stringent standards.
- Four performance areas including administration, operations, personnel, and training are carefully evaluated against established criteria by an independent panel of certified assessors.
- An assessment team made up of independent law enforcement professionals from across Virginia inspected files, collected incident reports and photos, conducted interviews and observations and reviewed activities, equipment and facilities as part of the three-day accreditation examination.
- ABC's regional enforcement offices across the state underwent a thorough check to ensure policy and practice compliance in all areas.
- The accreditation process promotes public confidence in law enforcement as a whole.
- This designation indicates Virginia ABC's continuing commitment to maintain a professional law enforcement organization that holds its agents, management and staff to a higher standard.
- Approximately 92 Virginia law enforcement agencies are accredited by VLEPSC, which was founded in 1993 and is overseen by an executive board comprised of Virginia police chiefs and sheriffs who are appointed by the Virginia Association of Chiefs of Police and the Virginia Sheriffs' Association. The program is managed by the Virginia Department of Criminal Justice Services.
- In order to maintain accreditation, the agency will be reassessed every four years.
- The official reaccreditation team will be back on site in October of 2019.

# Virginia ABC Agency Accomplishments: Transitioning to an Authority

With the passage of the Virginia ABC Authority Act in 2015, Virginia ABC launched a strategic planning initiative to identify how it can best accomplish the agency's and administration's goals. Five pillars were identified including the goal of achieving a billion dollars in sales by June 2018.

- External consultants were engaged in 2016 to assist with the development of new Human Resource and Procurement policies using best practices seen in both public and private industry as models. The agency reviewed and updated its policies and submitted the proposed Procurement and Human Resources policies and procedures in House Document #2 to the General Assembly in January 2017.
- ABC also worked with consultants throughout 2016 to plan for a successful transition that includes a part-time Board, a Chief Executive Officer (CEO) position, and the conversion of the entire workforce to the authority.
- Additional areas of opportunity for improvement were identified and approved as part of Virginia ABC's Authority Omnibus bill in the 2017 General Assembly session (HB 2359 & SB 1287). Both bills were passed nearly unanimously.
- In January 2017, Virginia ABC stood up an internal communication SharePoint site to present information about the transition. The site captures and addresses any employee questions and concerns and engagement has been excellent to date.
- 100 employees from all areas of the business are participating in 13 cross-functional teams to plan implementation activities and ways to further enhance the agency in recruitment, retention and employee engagement. A new agency mission, vision and values were rolled out in February 2017 to great fanfare.

## Mission

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

## Vision

To bring good spirits and excellent service to Virginia

## Values

- **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.

## **Virginia ABC Agency Accomplishments: Virginia ABC wins inaugural “Best Practices” award from StateWays Magazine in 2015**

In 2015 Virginia ABC was the overall winner, or “Best of the Best” of the first Control State Best Practices Award held by StateWays Magazine. The magazine created the award to celebrate the agencies and personnel who are advancing the control state system, making it better for consumers, retailers and the industry at large. The magazine called the decision to award Virginia ABC the top prize easy, saying “the agency has long been a leader in retailing, technology, education and enforcement.”

- The story went on to say that the agency’s Premier Stores sealed the win, calling the store layout, design, function and overall concept “something every retailer should emulate.”
- A number of Virginia ABC programs were cited as being crucial to the agency winning the award.
- The agency’s Youth Alcohol and Drug Abuse Prevention Project (YADAPP) was cited as a cornerstone of the agency’s philosophy that youth need a safe, alcohol- and drug-free environment to achieve personal success and build strong communities.
- Since its inception 31 years ago, more than 10,000 students from 440 Virginia high schools and community organizations have participated in YADAPP and returned home to implement alcohol and drug prevention programs in their communities.
- Another factor that led to ABC’s winning the award was “Operation: Prevent Impaired Driving,” which used grant funding received in 2014 from the National Liquor Law Enforcement Association (NLLEA) to allow ABC to partner with local enforcement agencies in this public safety effort.
- During “Operation: Prevent Impaired Driving,” ABC’s Bureau of Law Enforcement conducted additional licensee training programs while the agency’s communications staff distributed news releases, participated in news conferences and pitched stories to media to encourage coverage of the program.
- Another cause for winning the award was the agency’s innovative retail efforts, including two premier stores in Williamsburg and Leesburg and a Signature Spirits store in Arlington.
- Also noted were ABC’s efforts toward modernizing its technological tools and infrastructure. This included the redesign of the agency’s website from a more governmental function to a consumer-facing website.
- Virginia ABC employees who served as subject matter experts for each part of the award article were interviewed and photographed for the magazine, which published in November 2015.
- StateWays is the only national magazine which covers issues that affect all states where their government manages distilled spirit sales.

## Virginia ABC Agency Accomplishments: Revenue Overview

During Governor Terry McAuliffe's tenure in office, Virginia ABC's annual gross sales grew from \$800M to \$898M, more than a 12 percent increase. Over the last three fiscal years, ABC has returned a total of \$1.2B to the General Fund in the form of profits, taxes and fees. This growth in revenue can be attributed to the opening of new stores, introduction of premier stores, expanded Sunday retail hours, the listing of additional products, issuance of new licenses/permits, reduction of warehouse breakage, and the introduction of online ordering.

Since 2014, ABC has opened 27 new retail stores, relocated 33 and remodeled 24 stores. More than two dozen stores were enlarged or underwent modernization for items such as new flooring or lighting.

| FY 2014                                     | FY 2015                            | FY 2016                        | FY 2017 TO DATE         |
|---|------------------------------------|--------------------------------|-------------------------|
| 7 new stores                                | 4 new stores                       | 8 new stores                   | 8 new stores            |
| Williamsburg & Leesburg premier stores open | Virginia Beach premier store opens | Short Pump premier store opens |                         |
| 10 store modernizations                     | 6 store modernizations             | 3 store modernizations         | 5 store modernizations  |
| 1 store expansion                           | 11 store expansions                | 3 store expansions             | 1 store expansions      |
| 3 store relocations                         | 8 store relocations                | 10 store relocations           | 12 store relocations    |
| 8 flooring replacements                     | 5 flooring replacements            | 7 flooring replacements        | 4 flooring replacements |

Since 2014, the agency listed 556 new products; 88 of these were Virginia products.

| FY 2014              | FY 2015              | FY 2016              | FY 2017 TO DATE      |
|----------------------|----------------------|----------------------|----------------------|
| 81 total products    | 142 total products   | 186 total products   | 147 total products   |
| 16 Virginia Products | 24 Virginia Products | 25 Virginia Products | 23 Virginia Products |

Revenue from license and permit fees continued to grow.

| FY 2014       | FY 2015       | FY 2016        | FY 2017 TO DATE |
|---------------|---------------|----------------|-----------------|
| \$ 12,606,895 | \$ 12,967,544 | \$ 13,305, 832 | \$ 8,701,107    |

Revenue from the sale of alcohol continued to grow.

| FY 2014        | FY 2015        | FY 2016        | FY 2017 TO DATE |
|----------------|----------------|----------------|-----------------|
| \$ 668,568,655 | \$ 708,413,271 | \$ 749,874,311 | \$ 589,493,730  |

Revenue generated from Sunday sales increased every year. Although some ABC stores had been open on Sunday since 2012, Fiscal Year 2014 ended with all stores open on Sundays from 1 – 6 p.m. (with the exception of three primarily licensee stores.) Fiscal Year 2017 began with stores opening an hour earlier at noon.

| FY 2014       | FY 2015       | FY 2016       | FY 2017 TO DATE |
|---------------|---------------|---------------|-----------------|
| \$ 45,869,496 | \$ 48,765,758 | \$ 51,991,462 | \$ 47,501,850   |

The agency has steadily ramped up its marketing efforts. In 2014 ABC launched its first "Make Spirits Bright" holiday campaign. In 2015 the agency introduced its Spirited Virginia brand with the launch of its quarterly flagship color magazine and a bi-weekly e-newsletter bearing the same name. In 2016 the agency introduced an in-store recipe and consumer education-focused merchandising program. These efforts have positively contributed to the overall revenue growth the agency has experienced.