



**ALCOHOLIC  
BEVERAGES  
DIVISION**  
**State of Iowa**

**FOUR YEAR STRATEGIC PLAN**  
**Fiscal Year 2012 – Fiscal Year 2015**

Governor Terry E. Branstad

Lieutenant Governor Kim Reynolds

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## **I. Mission Statement:**

To serve lowans through the responsible regulation and profitable distribution of alcohol while providing opportunities for industry development and promoting health through education.

### **Achieve the mission by:**

- Breaking down the silos that lowans face when dealing with their government.
- Fostering a fair and level playing field.
- Achieving results to show lowans a return on investment of public funds.

### **Core Functions of the Iowa Alcoholic Beverages Division:**

- Distribution of Spirits
- Regulation and Licensing
- Education and Outreach
- Tobacco Compliance

## **II. Vision Statement:**

The Iowa Alcoholic Beverages Division provides comprehensive services for all aspects of the alcoholic beverages industry in the state of Iowa. The Division will enhance overall operational and cost efficiency while establishing a business-oriented operation model.

## **III. Introduction:**

Successful implementation of the Iowa Alcoholic Beverages Division's (Division) strategic initiatives shall contribute to achieving desired outcomes for the Governor's overall strategic goals. The fundamentals to all the initiatives are a return on investment versus the expenditure of public funds and the effect these may have on job creation, family income and education.

### **Governor's Four Strategic Goals**

- Create 200,000 new jobs
- Increase family incomes by 25 percent
- Decrease the cost of State government by 15 percent
- Make Iowa number one in the country in education

## **IV. Assessment:**

- **Agency structure and services:** The Division is split into four bureaus. The Administration Bureau includes education and outreach, public and governmental relations, communications, product management, industry relations and administrative support. The Regulatory Compliance Bureau manages licensing, regulation and tobacco enforcement. The Asset and Financial Management Bureau includes accounting, human resources, information technology, and buildings and grounds. The Spirits Distribution Bureau handles warehousing, transportation logistics and order fulfillment.
- **Opportunities:** The Division has numerous opportunities to contribute to the Governor's four major strategic goals of creating jobs, increasing incomes, decreasing the cost of government and making Iowa number one in education. Promoting and maintaining a competitive and transparent environment for Iowa businesses will assist in the creation of new jobs, which in turn will increase household incomes. Continued implementation of efficiencies within the Division will contribute to reducing the cost of government. Priorities of the Division's education and outreach program include educating retailers and youth on the dangers of underage consumption. Reduced youth access to alcohol will positively impact grades and dropout rates.
- **Challenges:** The Division faces two primary ongoing challenges. First, a balance must be struck between fostering social responsibility and generating revenue for the State. Second, promoting business growth must be achieved while still practicing responsible regulation. Provisional challenges include providing education within current budgetary spending authority and cultivating a dynamic workforce within the Division.
- **Population served:** The Division serves over 15,000 licensed businesses, ninety percent of which are located in Iowa. Its customers are off-premise retail stores that sell alcoholic beverages. Licensees include bars and restaurants, manufacturers, brokers, wholesalers and distributors. The Division serves all Iowa citizens through responsible regulation of alcohol, by providing education and outreach, and by generating and transferring over \$100 million annually to the State General Fund.
- **Customer satisfaction:** The Division performed a customer satisfaction survey at the beginning of Fiscal Year 2012. The majority of responses were positive or neutral.
- **Trends:** The spirits industry in the United States has seen a steady increase over the last decade as consumers migrate from beer and wine consumption. The industry has seen an explosion in flavored options and variety in consumer choice. Customer choice and satisfaction are important, but not at the expense of social responsibility. Instances of underage consumption of alcohol continue to be high and dangerous binge drinking is on the rise. The Division strives to find a balance in meeting the demands of

consumers while educating the public on the social costs associated with alcohol consumption.

## **V. Guiding Principles:**

- Practice Fiscal Responsibility
- Maximize Efficiency
- Promote Education and Outreach
- Foster Transparency and Accountability
- Provide an Environment of Success

## **VI. Goals:**

### **1. Maximize revenue to the State General Fund.**

- Maximize operational efficiency through infrastructure planning and the utilization of a fluid and efficient distribution model.
  - Measure by cost per delivered case.
- Reduce the use of paid third-party providers.
  - Measure by outgoing payments to vendors, other agencies.
- Utilize technology to reduce government and increase services.
  - Measure by number of online services provided, customer usage and cost benefit study after successful implementation.

### **2. Focus on providing education.**

- Increase compliance with Iowa Code Chapter 123 by offering training and education to 100 percent of Iowa law enforcement, local authorities, and retail and wholesale licensees.
  - Measure by minimum of 25 percent each year through June 2015.
- Work with prevention partners to reduce the social harm associated with alcohol and to promote responsible consumption, specifically to reduce underage access to alcohol and instances of binge drinking.
  - Measure by instance percentages.
- Develop an internal process for knowledge sharing among staff.
  - Measure by number of approved and written processes and procedures. Also by identifying those employees who have participated in the process.

### **3. Maintain a competitive and transparent environment for Iowa businesses.**

- Create regulatory clarity.
  - Measure through precision changes in Iowa Code Chapter 123 and the Division's Administrative Rules.
- Enhance existing partnerships and build new relationships and networks.
  - Measure by increase in number of working partnerships.
- Maintain the three-tier system of alcoholic beverage distribution.
  - Measure through compliance and punitive actions relating to distribution.

## **VII. Strategies and Action Plan:**

### **Goal 1: Maximize revenue to the State General Fund.**

**Strategy 1:** Maximize operational efficiency through infrastructure planning and the utilization of a fluid and efficient distribution model.

**Actions:**

- a. Execute a space utilization management study to best use available vertical space through a warehouse storage racking system and to design a process flow for order fulfillment.
- b. Increase the number of products lines held in inventory by 25 percent.
- c. Decrease personnel costs by 15 percent through space utilization, enhanced automation and efficient distribution.
- d. Conduct an internal cost benefit study on current and potential distribution models including both traditional and nontraditional methods.
- e. Study potential expansion of warehouse space including truck traffic design.

**Strategy 2:** Reduce the use of paid third-party providers.

**Actions:**

- a. Utilize trained Division staff for administrative hearings.
- b. Decrease Division and licensee cost associated with hearings through negotiations prior to administrative hearings.

**Strategy 3:** Utilize technology to reduce government and increase services.

**Actions:**

- a. Develop and implement online reporting of beer and wine taxes for licensees.
- b. Update and integrate online tobacco compliance reporting program with alcohol compliance, eLicensing and eRegulation programs.
- c. Fully utilize online business tools within the warehouse management system.

**Goal 2: Focus on providing education.**

**Strategy 1:** Increase compliance with Iowa Code Chapter 123 by offering training and education to 100 percent of Iowa law enforcement, local authorities, and retail and wholesale licensees.

**Actions:**

- a. Develop and execute outreach strategy to make training accessible to all partners.
- b. Provide training to all interested agencies and individuals through meetings, forums, seminars and conferences.
- c. Update and distribute reference materials including *Iowa's Alcohol Laws and You* for licensees and *Enforcing Iowa's Alcoholic Beverages Laws* for law enforcement agencies.

**Strategy 2:** Work with prevention partners to reduce the social harm associated with alcohol and to promote responsible consumption, specifically to reduce underage access to alcohol and instances of binge drinking.

**Actions:**

- a. Launch Iowa Program for Alcohol Compliance Training (I-PACT), the online training course for alcohol retailer employees.
- b. Develop a program to decrease binge drinking at college institutions by using the Division's collaboration with the University of Iowa's Partnership for Alcohol Safety as a model for other higher learning institutions.
- c. Explore alternative funding sources for programs and initiatives.

**Strategy 3:** Develop an internal process for knowledge sharing among staff.

**Actions:**

- a. Coordinate succession planning by educating employees between jobs and across bureaus.
- b. Document intent behind decisions and actions for long-term future reference.
- c. Develop written processes and procedures for all routine tasks agency wide.

**Goal 3: Maintain a competitive and transparent environment for Iowa businesses.**

**Strategy 1:** Create regulatory clarity.

**Actions:**

- a. Revise and refresh the Division's administrative rules including a jobs impact statement for each proposed change.
- b. Provide extensive and credible information in order to be a resource for the executive and legislative branches to ensure outcomes are aligned with desired intent.

**Strategy 2:** Enhance existing partnerships and build new relationships and networks.

**Actions:**

- a. Grow prevention and industry partnerships.
- b. Collaborate with local governments, other state agencies, control state partners and the legislative branch.
- c. Sustain the Division's roll as a comprehensive resource and authority.



**Strategy 3:** Maintain the three-tier system of alcohol distribution.

**Actions:**

- a. Comprehensive utilization of the Division's compliance program for adherence to the three-tier system.
- b. Perform and evaluate quantifiable analysis to gauge the cost effectiveness and efficiency of a range of distribution models.
- c. Educate stakeholders regarding the three-tier system.

## **VII. Strategic Initiatives Timeline**

**Strategic Initiatives:**

- 1. Comprehensive review to maximize revenues through the efficient delivery of services  
(May 1, 2011 – December 31, 2012)**
  - a. Space utilization study and order fulfillment flow
  - b. Conduct an internal cost benefit study on distribution models
  - c. Increase products in inventory by 25 percent
  - d. Study potential expansion of truck traffic design
  - e. Conduct an agency wide review on how services are delivered
  - f. Develop written processes and procedures for all routine tasks agency wide
  - g. Document intent behind actions for long-term future reference
- 2. Re-structuring of ABD for efficiency and greater return on investment  
(August 1, 2011 – July 1, 2013)**
  - a. Develop and implement online reporting of beer and wine taxes
  - b. Utilize trained Division staff for administrative hearings
  - c. Decrease costs associated with hearings through negotiations prior to administrative hearings
  - d. Decrease personnel costs associated with the distribution of products by 15 percent
  - e. Integrate and update current online services including tobacco compliance reporting program
  - f. Coordinate succession and emergency management
  - g. Fully utilize online business tools within the warehouse management system
- 3. Cultivate relationships and build partnerships  
(September 1, 2011 – December 31, 2013)**

- a. Sustain Division's roll as a comprehensive resource and authority
- b. Grow prevention and industry partnerships
- c. Collaborate with local governments, state agencies and legislative branch
- d. Develop and execute outreach strategy for training
- e. Modernize and distribute reference materials

**4. Increase compliance and regulatory clarity  
(January 1, 2011 – January 1, 2013)**

- a. Comprehensive review of Chapter 123
- b. Review and revise Administrative Rules
- c. Comprehensive utilization of the Division's compliance program
- d. Provide training to all interested parties

**5. Educational and outreach programs  
(May 1, 2011 - Ongoing)**

- a. Launch Iowa Program for Alcohol Compliance Training
- b. Educate stakeholders regarding the three-tier system
- c. Explore alternative funding sources for education programs and initiatives
- d. Develop program to decrease underage and binge drinking