



Office of
Financial Management
STATE OF WASHINGTON

Activity Inventory Performance Measure Assessment

Liquor Control Board

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Based on a review of the following: The agency strategic plan, the budget activity inventory, internal performance measure reports, and an interview with the agency contacts

Current Strengths and Good Practices

- For the most part, the language used by the agency budget activity measures is easy to understand.
- Even though all the measures use an annual reporting frequency, there was enough data to do basic statistical analysis and see data trends over time.
- The current measures are well suited for benchmarking and making performance comparisons with other states.

Budget Activity and Performance Measure Comments and Potential Improvements

- There are a number of budget activities not associated with any performance measures. New results-oriented measures should be developed for these budget activities, or they should be linked to an existing budget activity measure:
 - A001 - Administrative Activity
 - A002 - Alcohol Server Training
 - A008 - Liquor Purchasing and Merchandising
 - A010 - Regulation of Manufacturers, Importers, and Wholesalers
- Additional outcome and process-level measurement topics should be developed into measures in order to enhance the current story of agency performance:
 - The number of businesses fined or closed because of compliance violations
 - The percent of businesses fined or closed that are repeat offenders
 - The cycle time of the liquor licensing and renewal processes
 - The efficiency of sales/store operations
- The measure that tracks the amount of revenue distributed (slide 11) lacks any scale adjustment in the title or footnotes. The reported levels are in the hundreds of thousands, but the actual levels are in the hundreds of millions of dollars.
- The targets for the number of businesses in compliance with underage drinking laws (slide 8) need to be reexamined. The drop off in 2007-09 does not match the agency's strategic planning goals or budget requests.

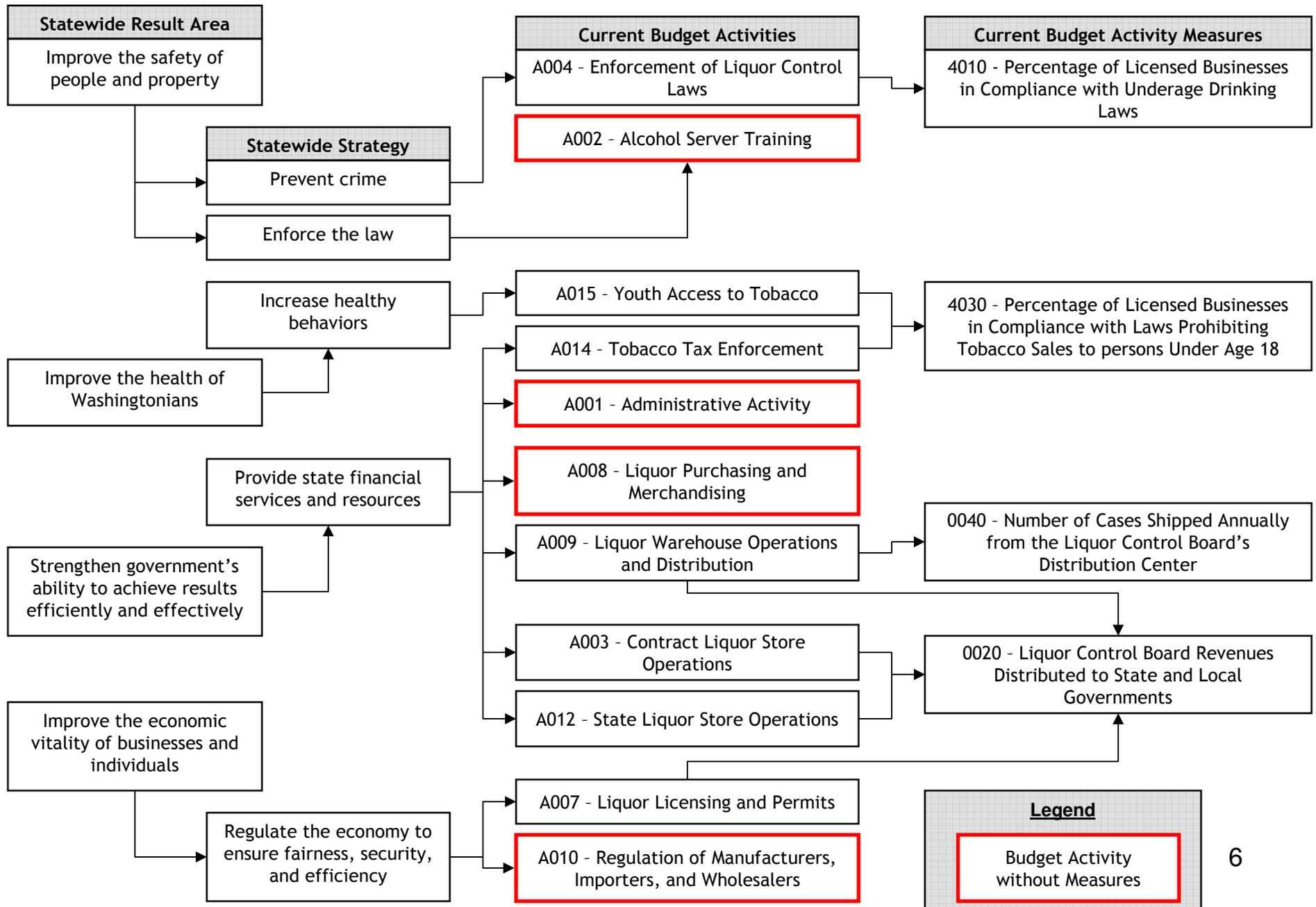
Analysis of Current Activity Measure Data

- The actual data in the measure tracking the percent of businesses in compliance with underage tobacco sales laws (slide 9) is neither improving or getting worse. Future results should be very similar to current performance levels. However, since the process is not capable of achieving its targets, and enforcement is a core agency responsibility, the related processes should be considered targets for improvement activities.
- The remaining three budget activity measures demonstrate stable, increasing trends in their actual performance data. Future results should follow the increasing trend lines if nothing changes in the underlying processes.

Agency Comments and Future Actions

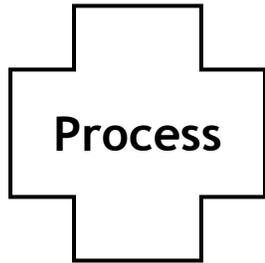
- LCB response to recommendations
 - LCB is going to reconstruct the activities and introduce new measures, specifically outcomes measures, to align with our strategic direction. This will be done during our planning sessions.
 - Items A002 - Alcohol Server Training - Liquor Purchasing and Merchandising and A010 - Regulation of Non-Retail have data available for creating and tracking new measures.
 - Item A001 - Administrative Activity will be split out further to better define the activity.
 - The Scaling of revenue to reflect millions has been addressed.
 - Compliance targets for underage consumption of both alcohol and tobacco will be changed based on planning session outcomes.
 - A009 - Liquor Warehouse Operations should not point to revenues, but to number of cases only at this time.

Budget Activity & Performance Measure Linkages



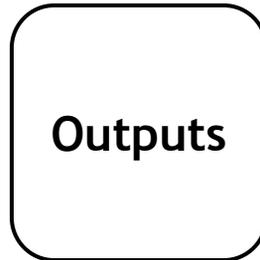
Budget Activity Measure Perspectives

⑤ Process characteristics the customers/stakeholders want



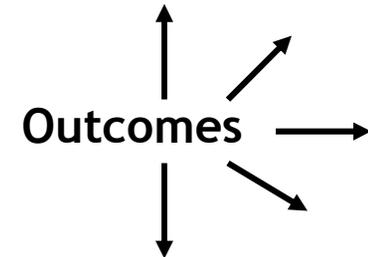
⑥ Process characteristics the agency wants

③ Product/service attributes customers/stakeholders want



④ Product/service attributes the agency wants

① Customer/stakeholder desired outcomes



② Agency desired outcomes

0040 - Number of Cases Shipped Annually from the Liquor Control Board's Distribution Center

④

0020 - Liquor Control Board Revenues Distributed to State and Local Governments

①

4010 - Percentage of Licensed Businesses in Compliance with Underage Drinking Laws

①

4030 - Percentage of Licensed Businesses in Compliance with Laws Prohibiting Tobacco Sales to persons Under Age 18

①

Legend

Strategic Plan and Budget Activity Measure

Activity Measure Critique - Underage Alcohol Drinking Compliance

Performance Measure Description: No additional explanation required.

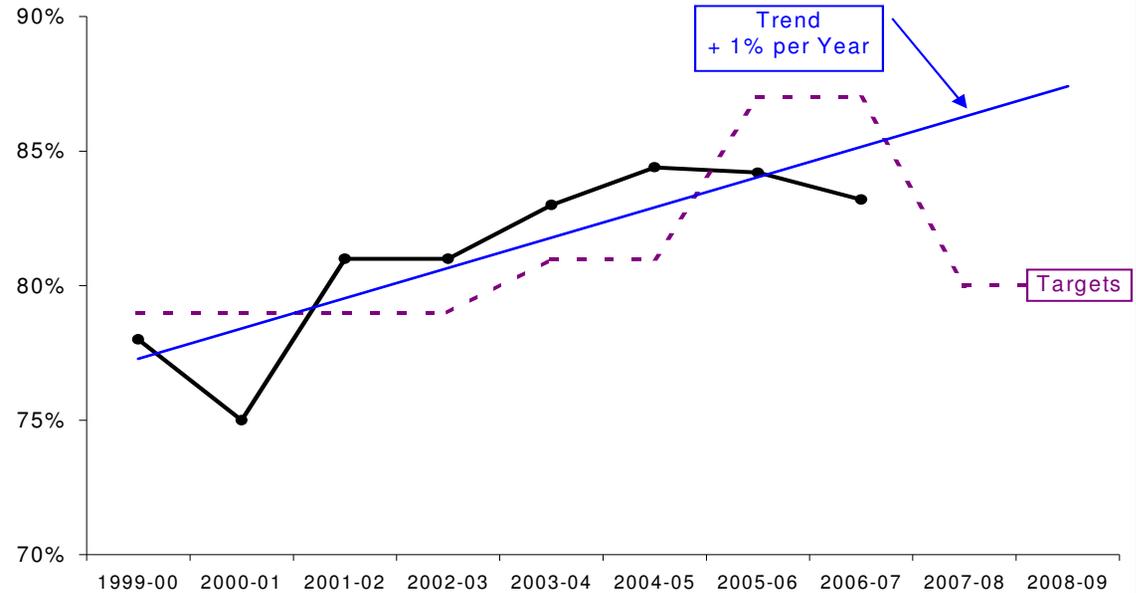
Budget Activity Links: A004 - Enforcement of Liquor Control Laws

Category of Measure: Compliance is a desirable outcome of the education and enforcement processes.

Analysis of Variation: The upward movement in the data is a moderately strong trend. Future results should be expected to follow the slope of the trend line upward.

Analysis of Targeted vs. Actual Performance: Data from the last two years did not achieve the targeted levels.

4010 - Percentage of Licensed Businesses in Compliance with Underage Drinking Laws



Comments About Desirable Characteristics

Relevance: Central to the purpose of the organization, and important to other public safety and health initiatives.

Timeliness: Annual data is not timely, but historical data back to 1999-00 and current data from the most recently completed fiscal year were available.

Understandability: The language of the measure is very understandable. However, the recent drop in the targets should be explained.

Reliability: Depends on how businesses are selected and the consistency of the enforcement efforts.

Comparability: Washington's compliance levels are among the highest in controlled states per information supplied by NABCA

Cost Effectiveness: This is expensive work, but might be worth it if fines and closures prove to be a deterrent.

General Comments & Explanations:

Agency Comments:

Target levels dropped off due to new methodology being used on selection of establishments. Targets are being reviewed.

Activity Measure Critique - Underage Tobacco Sales Compliance

Performance Measure Description: No additional explanation needed.

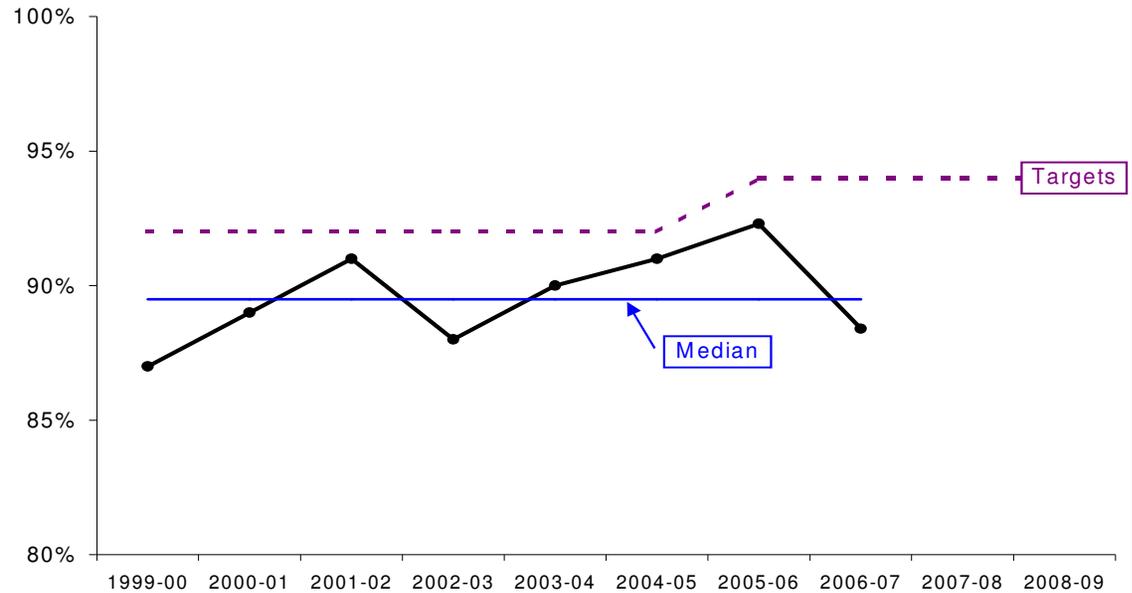
Budget Activity Links: A015 - Youth Access to Tobacco and A014 - Tobacco Tax Enforcement

Category of Measure: Compliance is a desirable outcome of the education and enforcement processes.

Analysis of Variation: The data patterns are stable and predictable. Future results should be similar to current performance levels if nothing changes the process.

Analysis of Targeted vs. Actual Performance: Current performance is not capable of achieving the targets. Either performance needs to be improved by making a significant changes to the process, or the targets should be adjusted down.

4030 - Percentage of Licensed Businesses in Compliance with Laws Prohibiting Tobacco Sales to Persons Under Age 18



Comments About Desirable Characteristics

Relevance: Central to the purpose of the organization, and important to other public safety and health initiatives.

Timeliness: Annual data is not timely, but historical data back to 1999-00 and current data from the most recently completed fiscal year were available.

Understandability: Good

Reliability: Depends on how businesses are selected and the consistency of the enforcement efforts.

Comparability: The agency is currently developing benchmarking data.

Cost Effectiveness: This is expensive work, but might be worth it if fines and closures prove to be a deterrent.

General Comments & Explanations:

Activity Measure Critique - Distribution Center - Cases Shipped

Performance Measure Description: No additional explanation needed.

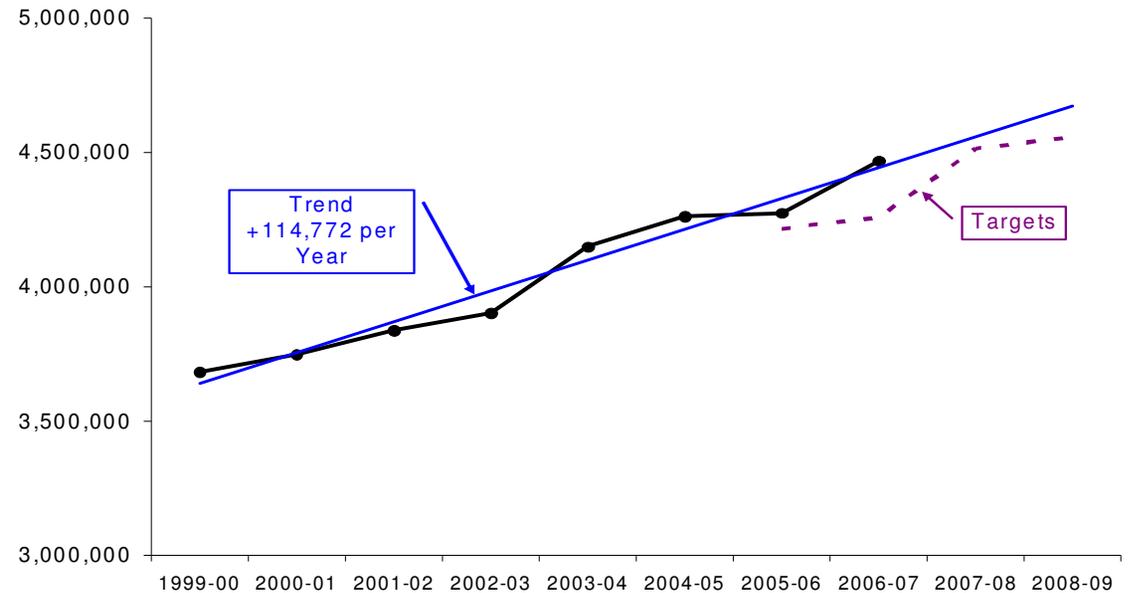
Budget Activity Links: A009 - Liquor Warehouse Operations and Distribution

Category of Measure: An output measure of the sales and distribution processes.

Analysis of Variation: The upward movement in the data is a moderately strong trend. Future results should be expected to follow the slope of the trend line upward.

Analysis of Targeted vs. Actual Performance: Actual performance from the past two years exceeds the targets, and the targets are moving up with the trend in the data.

0040 - Number of Cases Shipped Annually From the Liquor Control Board's Distribution Center



Comments About Desirable Characteristics

Relevance: There are budget implications to staffing and the sales, warehousing, and distribution processes with a continually increasing workload.

Timeliness: Annual data is not timely, but historical data back to 1999-00 and current data from the most recently completed fiscal year were available.

Understandability: The language used in the measure is very clear.

Reliability: Should be good, since this data comes from automated inventory control systems.

Comparability: This may not be comparable with other states because of different regulation and distribution models.

Cost Effectiveness: Collection costs should be low due to the automated nature of this data.

General Comments & Explanations:

Activity Measure Critique - Revenues Distributed

Performance Measure Description: Profits shared with government entities from liquor sales in state owned stores.

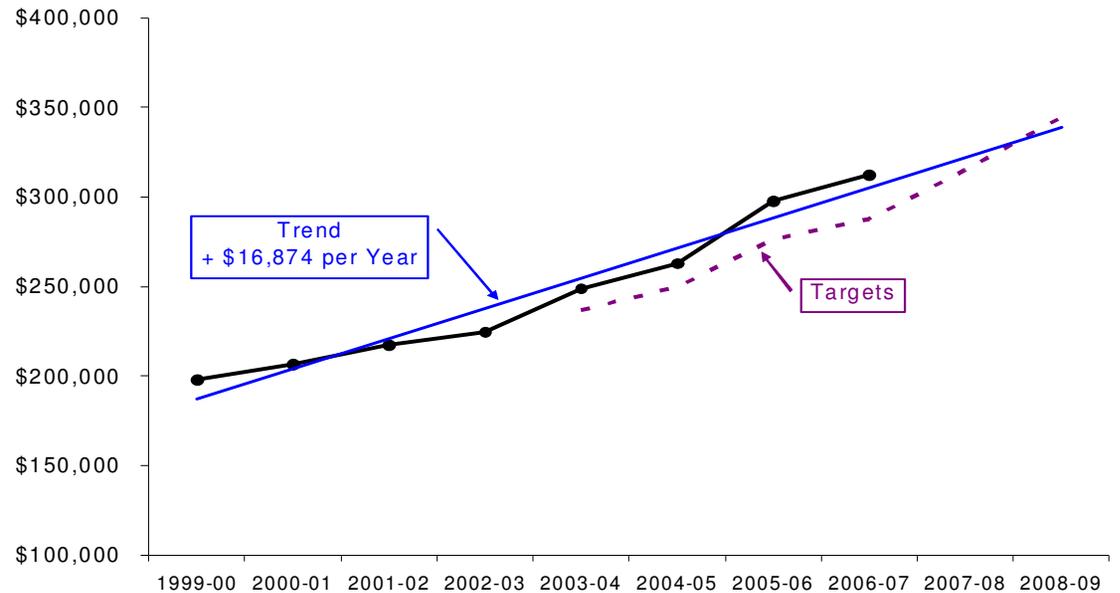
Budget Activity Links: A009 - Liquor Warehouse Operations and Distribution, A003 & A012 - Contract and State Liquor Store Operations, and A007 - Liquor Licensing and Permits

Category of Measure: A desirable financial outcome.

Analysis of Variation: There is a stable and predictable increasing (desirable) trend in the data. Future results should be expected to follow the upward slope of the trend line.

Analysis of Targeted vs. Actual Performance: Actual performance exceeds the targets, and the targets are moving up with the trend in the data.

0020 - Liquor Control Board Revenues Distributed to State and Local Governments



Comments About Desirable Characteristics

Relevance: As a revenue-generating agency that in many ways operates like a for profit business, this is very relevant.

Timeliness: Annual data is not timely, but historical data back to 1999-00 and current data from the most recently completed fiscal year were available.

Understandability: The title and footnotes are missing the appropriate adjustment scale (i.e. x 1,000 or x 1 million).

Reliability: The formulas used to calculate how much is distributed are very stable.

Comparability: This may not be comparable with other states because of different regulation and distribution models.

Cost Effectiveness: Data comes from automated financial management systems.

General Comments & Explanations: