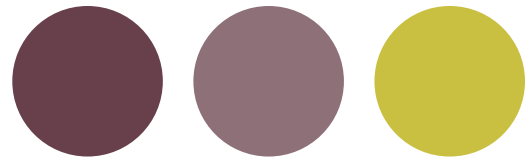


# NLC BUSINESS PLAN 2020 2023



# TABLE OF CONTENTS



## 3 | CHAIRPERSON'S MESSAGE

## 4 | OVERVIEW

### 4 | MANDATE

### 5 | BUDGET

### 5 | LINES OF BUSINESS

### 9 | PRIMARY CLIENTS

### 9 | VISION

## 10 | STRATEGIC THEMES, GOALS, OBJECTIVES AND INDICATORS

### 11 | STRATEGIC THEME 1 – GROW THE BUSINESS

Goal  
Objectives  
Indicators

### 12 | STRATEGIC THEME 2 – OPERATIONAL EXCELLENCE

Goal  
Objectives  
Indicators

### 13 | STRATEGIC THEME 3 – EXCEPTIONAL STAKEHOLDER EXPERIENCE

Goal  
Objectives  
Indicators

### 14 | STRATEGIC THEME 4 – PUBLIC TRUST

Goal  
Objectives  
Indicators

### 15 | STRATEGIC THEME 5 – A COMPELLING WORKPLACE

Goal  
Objectives  
Indicators

## 16 | APPENDIX

### 17 | STRATEGY MAP

### 18 | ORGANIZATIONAL CHART



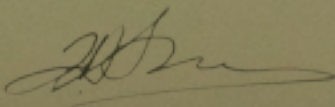
# CHAIRPERSON'S MESSAGE

On behalf of the Newfoundland and Labrador Liquor Corporation's (NLC) Board of Directors, I am pleased to present NLC's Business Plan for the years 2020-23. This plan outlines the Corporation's direction and strategic priorities, aligned with Government's strategic directions for the coming three years, as well as the measures with which success will be determined.

NLC is a Category two entity as defined by the **Transparency and Accountability Act**. It contributes to the financial health of the Province through sales of beverage alcohol, as well as the sale and control of cannabis in Newfoundland and Labrador. Its focus on responsible consumption of alcohol and cannabis supports public health and social policy objectives.

NLC staff and leadership are to be commended on their significant accomplishments over these last three years, including the successful launch of a business and regulatory model to manage the sale and distribution of cannabis in Newfoundland and Labrador. This initiative was beyond the scope of the original objectives outlined in the previous Business Plan, and accomplished primarily with already-existing resources. The current plan encompasses this new line of business.

As Chair of the Board, my signature indicates the Board's commitment to ensure accountability for the completion of NLC's Three Year Business Plan and the achievement of the objectives and initiatives outlined herein. I am confident that the 2020-23 Business Plan will ensure continued success.



**Fraser Edison**

*Chairperson, Board of Directors*







## OVERVIEW

NLC operates under the expectation that it will generate a dividend for the Government of Newfoundland and Labrador to be reinvested for the benefit of the people of the Province. Over the coming years, NLC's strategic focus centers around five themes: grow the business; achieve operational excellence; provide an exceptional stakeholder experience; establish and protect public trust in the organization; and become a compelling workplace. While striving toward these accomplishments, the organization will maintain a strict commitment to its social responsibility mandate.

As a Category two entity, oversight of NLC is provided by a Board of Directors appointed by the Lieutenant Governor in Council, normally for a term of three years. The Board consists of a Chairperson, the President and CEO and other members as appointed. The President and CEO of NLC is responsible for the everyday management and other duties as assigned by the Board. The President and CEO reports directly to the Board and is appointed by the Lieutenant Governor in Council.

NLC's head office and blending/bottling operation (Rock Spirits) are located at 90 Kenmount Road and its distribution centre is located at 300 East White Hills Road in St. John's, Newfoundland and Labrador. NLC Liquor Stores are located throughout the Province. NLC provides employment to 600 employees, 357 of which are female and 243 of which are male.

## MANDATE

The mandate of NLC is to manage and oversee the importation, sale and distribution of beverage alcohol within the Province of Newfoundland and Labrador. In addition to its traditional beverage alcohol mandate, on November 23, 2017, the Government of Newfoundland and Labrador authorized NLC to regulate the possession, sale and delivery of cannabis. Included in these new responsibilities was the authority to regulate the industry, list products, set pricing and to be an online retailer of cannabis in the Province.

NLC's mandate is codified in legislation, namely the Liquor Corporation Act, which sets out the powers and duties of the Board to determine the Corporation's mandate.

NLC takes a leading role in protecting the public interest by promoting socially responsible distribution, sale and consumption of beverage alcohol and cannabis.

## BUDGET

NLC's total budgeted sales, commissions and other income in fiscal year 2020-21 is \$345 million, with operating expenses of \$59.9 million delivering earnings of \$173.2 million.

The budgeted dividend for fiscal year 2020-21 is \$187 million, which includes \$11.5 million that was originally budgeted in fiscal 2019-20.

## LINES OF BUSINESS

NLC has retail locations throughout the Province, as well as a corporate office, manufacturing plant (Rock Spirits) and distribution centre in St. John's, with a total workforce of 600 employees. Liquor Store and satellite store locations account for 68% of employees, corporate office accounts for 17%, while 15% are employed at Rock Spirits and the distribution centre.

Within NLC's corporate office, employees are responsible for duties pertaining to lines of business associated with both beverage alcohol and cannabis, while the sale of cannabis in physical locations is performed by independent Licensed Cannabis Retailers. Online sales are conducted through NLC's e-commerce enabled cannabis website, [ShopCannabisNL.com](https://ShopCannabisNL.com).

NLC's lines of business include the following:

- Retail Beverage Alcohol Sales
- Wholesale Beverage Alcohol Sales
- Cannabis Sales
- Production of Beverage Alcohol
- Regulatory Services



## RETAIL BEVERAGE ALCOHOL SALES

The most visible component of NLC's operations to many is the retail sale of beverage alcohol through its 24 Liquor Store locations and 5 Satellite Store locations. Currently, these are located as follows:

- St. John's (8 stores, 2 satellites)
- Mount Pearl (2 stores, 1 satellite)
- Clarenville (1 store, 1 satellite)
- Corner Brook (1 store, 1 satellite)
- Bay Roberts
- Carbonear
- Conception Bay South
- Gander
- Grand Falls-Windsor
- Happy Valley-Goose Bay
- Labrador City
- Marystown
- Paradise
- Placentia
- Port aux Basques
- Stephenville

Liquor Store outlets are responsible for 67% of NLC's beverage alcohol sales and carry an extensive selection of spirits, wine, beer and ready-to-drink alcoholic beverages, imported from within Canada, around the world and locally produced. Liquor Store staff members are all direct employees of NLC. All aspects of store design, sales, marketing and merchandising fall under NLC jurisdiction.

## WHOLESALE BEVERAGE ALCOHOL SALES

NLC's Wholesale operations supply 142 privately owned Liquor Express locations and over 1,400 licensees. Liquor Express accounts for 28% of NLC's annual sales revenues while licensees account for 5%. Liquor Express stores are located primarily in rural areas and involve arrangements whereby a business entity, which competes with other retailers for the right to sell beverage alcohol, is successful in the Request for Proposals process, and receives a commission from NLC on its product sales.

Licensees include bars, lounges and restaurants that are licensed by NLC Regulatory Services to purchase product that is resold to customers.

## CANNABIS SALES

NLC is responsible for the regulation, product selection, price setting and online retailing of cannabis in the Province.

NLC's Merchandising division ensures a stable and reliable supply of safe and secure product is available in the Province. This division researches consumer trends in the cannabis industry and enters into supply agreements with Licensed Producers throughout Canada to offer a wide selection of products to meet consumer demand in Newfoundland and Labrador.

Sales of cannabis in physical locations is conducted through Licensed Cannabis Retailers, which are privately-owned entities that have entered into licensing agreements with NLC. There are currently 26 such locations throughout the Province (visit <https://shopcannabisnl.com/apps/store-locator> for current locations). NLC will continue to monitor the need to provide additional access and will seek to license new sales outlets if required.

Although NLC-licensed retailers are located throughout the Province, NLC provides access to products online at **ShopCannabisNL.com**. This e-commerce enabled website allows shoppers to access delivery of products directly from Licensed Producers through a common carrier. It also provides valuable information and resources to ensure consumers have access to the educational tools necessary for responsible use and possession of cannabis.



## PRODUCTION OF BEVERAGE ALCOHOL

Rock Spirits is NLC's manufacturing operation, and consists of a blending and bottling/canning plant which employs 45 people. NLC has developed formulations for various spirits and ready-to-drink products, owns the rights to certain brands, and blends and bottles/cans product at its facility in St. John's. These products are sold in Newfoundland and Labrador and are marketed to other liquor jurisdictions in Canada and the northeast United States. NLC also blends, bottles and distributes spirits on behalf of other suppliers. NLC's manufacturing plant offers both high speed bottling as well as the ability to support the intricate bottling required of niche brands. NLC has secured new contracts and maintains current relationships through exceptional customer service and diligent investments in its manufacturing operations.

Rock Spirits owns, produces and markets the following products:

Screech Rum	Shiver Vodka
Screech Spiced Rum	Shiver Gin
Screech Honey Rum	London Dock Rum
Screech Gingerbread Rum	Cabot Tower Rum
Screech Rum Punch	George Street Spiced Rum
Old Sam Rum	Newfoundlander's White Rum
Old Sam 5 Rum	Ragged Rock Rum

Rock Spirits contract bottles the following products:

Iceberg Vodka	Liquormen's Ol' Dirty Canadian Whisky
Iceberg Gold Rum	Smugglers Cove Rum
Iceberg Silver Rum	Newfoundland Distillery Company Vodka
Iceberg Gin	Newfoundland Distillery Company Cloudberry Gin
Crystal Head Vodka	Newfoundland Distillery Company Aquavit
Crystal Head Aurora Vodka	Newfoundland Distillery Company Rhubarb Vodka
Crystal Head Pride Vodka	Newfoundland Distillery Company Seaweed Gin
Golden Wedding Whisky	Newfoundland Distillery Company Chaga Rum
Signal Hill Whisky	Newfoundland Distillery Company Gunpowder & Rose Rum





## REGULATORY SERVICES

Regulatory Services is responsible for enforcing regulation of all licensed establishments in the Province in accordance with the **Liquor Control Act and Regulations**, the **Liquor Corporation Act**, the **Smoke Free Environmental Act** and the **Cannabis Control Act and Regulations**. Regulatory Services is actively involved in the design and implementation of NLC's Social Responsibility programs while promoting social responsibility in all areas of business within the Corporation and with its stakeholders.

There are two divisions within Regulatory Services: Licensing and Regulatory Administration which oversees all licensing and administrative matters and Regulatory Compliance and Enforcement which ensures compliance with governing legislation.

Licensing and Regulatory Administration issues and maintains all liquor licenses in the Province. With the responsibility to license and control the distribution and sale of cannabis added to its mandate in fiscal year 2017-18, NLC's Licensing and Regulatory Administration department is also responsible for issuing and maintaining the licenses of Licensed Cannabis Retailers and authorizations of Licensed Producers in Newfoundland and Labrador. The division is accountable for the development, implementation and maintenance of licensing and compliance policies and procedures, as well as advising and providing information to the Province in regards to governing legislation.

Regulatory Compliance and Enforcement seeks to educate all interested and vested parties in the relevant laws and regulations promoting voluntary compliance. Where voluntary compliance is not achieved this department is responsible to take steps to ensure violations are addressed and ultimately public safety is protected. NLC's Regulatory Compliance and Enforcement department works closely with its partners in law enforcement and with Canada Post Inspectors to disrupt the illicit cannabis market, furthering the Corporation's mandate to provide a safe and secure supply of cannabis within the Province.

For more information on NLC and its operations, visit [nliquor.com](http://nliquor.com) and [ShopCannabisNL.com](http://ShopCannabisNL.com).



## PRIMARY CLIENTS

**Retail Customers** purchase beverage alcohol and cannabis for the purpose of personal consumption. While tastes vary, certain attributes are of significant importance to most customers – easy access, selection, customer service, product knowledge, safety, affordability, transparency and social responsibility.

It is NLC's aim to ensure customers are satisfied with their experiences – both in-store and online. Liquor Store customers expect an engaging, pleasant shopping experience in-store, which the organization will continue to offer and enhance online at [nliquor.com](http://nliquor.com), as it continues to build upon e-commerce capabilities and customer-friendly service platforms. Since the legalization of cannabis in Canada in 2018, NLC has been connecting consumers and suppliers through [ShopCannabisNL.com](http://ShopCannabisNL.com), providing an efficient, user-friendly online shopping experience. With a focus on customer trends, demand and continuous improvement, NLC will continue to meet and exceed retail customer expectations.

**Wholesale Customers** include Liquor Express stores, Brewers' Agents and other licensees that purchase beverage alcohol for re-sale to the end consumer. It also includes Licensed Cannabis Retailers, who purchase product from NLC-approved Licensed Producers for re-sale to the end consumer.

Liquor Express locations are selected by NLC through a Request for Proposals process, while licensees are regulated licensed establishments such as restaurants and lounges. Licensed Cannabis Retailers are selected through the Corporation's Request for Proposals process and are licensed in accordance with all required protocols of the Regulatory Services department. All wholesale customers must comply with the standards, legislation and regulations associated with NLC's regulatory responsibilities and are subject to appropriate compliance measures if required.

Wholesale customers expect fairness in working with NLC, in both licensing and enforcement, and seek clear information, guidance and support in dealing with NLC representatives. They expect access to a broad and relevant selection of products for their customers, as well as timely delivery and access to NLC's marketing and merchandising expertise.

**Local Producers, Suppliers, Agents and Licensed Producers** represent the various beverage alcohol and cannabis products sold and distributed by NLC, its agencies, licensees and Licensed Cannabis Retailers. These groups provide NLC with the majority of the products it sells and allows it to provide a varied selection to the marketplace.

These organizations require consistent, fair and professional processes and interactions with NLC, seeking representatives who are informative, efficient, organized and helpful in providing service to their operations. They expect wide and optimal distribution opportunities for their products and for legislation and regulations to be enforced in a way that is fair and well communicated.

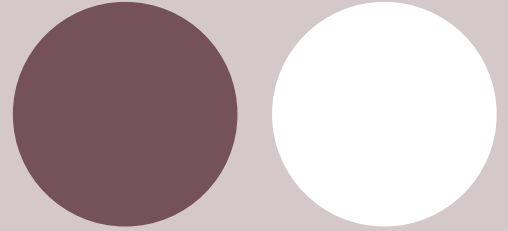
**Customers outside the Province** include those that provide opportunities to sell beyond Newfoundland and Labrador's borders. These include other liquor jurisdictions throughout Canada that purchase NLC's products for resale. These customers represent growth potential, with NLC successfully marketing local brands to other regions. These customers expect product availability, quality, timely distribution, product value and a high level of customer service.

**Co-packers** are customers for which Rock Spirits, NLC's manufacturing division, blends, bottles, cans and distributes beverage alcohol. These groups expect flexibility, quality and a high level of customer service from NLC. The Corporation recognizes co-packing as a growth opportunity, both with local craft producers and with larger, leading national and international brands.

## VISION

To provide safe, convenient access to alcohol and cannabis products.

# STRATEGIC THEMES, GOALS, OBJECTIVES AND INDICATORS



## STRATEGIC THEMES

are the focus areas of the organization used to guide efforts on accomplishing the vision. For each strategic theme there is a desired result to meet NLC's vision.

NLC has identified five strategic themes that permeate all levels of its operations. These themes are:



### GROW THE BUSINESS

Building on past successes, NLC consistently meets or exceeds performance expectations, realizing new opportunities in cannabis, beverage alcohol and bottling/canning.



### OPERATIONAL EXCELLENCE

NLC improved efficiency through innovation and internal and external collaboration.



### EXCEPTIONAL STAKEHOLDER EXPERIENCE

Enhanced stakeholder satisfaction through relationships, communication, products, programs and services.



### PUBLIC TRUST

NLC fulfills its mandate in a manner that embodies corporate values, sound governance and regulatory principles, and establishes itself as an exemplary corporate citizen.



### A COMPELLING WORKPLACE

NLC is a desirable workplace - where diversity and inclusion is fostered and employees are valued, respected, safe and provided the opportunity to succeed.





# STRATEGIC THEME 1 – GROW THE BUSINESS

NLC is determined to deliver on its financial obligations to the Government of Newfoundland and Labrador by generating earnings through strategic investment and responsible fiscal management, looking to expand its current customer base and develop the cannabis market. Achievement in this area will be driven through a focus on customer service, convenient access, appealing products and promotions, and more effective distribution and retailing channels. Furthermore, NLC will look to expand the contribution of Rock Spirits through increased export of their products while attracting additional contract-bottling and canning opportunities.

## STRATEGIC THEME 1

**BY APRIL 1, 2023, NLC WILL HAVE GROWN THE BUSINESS.**

**Goal: Achieved financial performance Indicators**

- Reached sales targets
- Achieved dividend
- Achieved earnings from operations

**Objectives:**

**1.** By April 3, 2021 NLC will have grown the dividend and expanded the customer base.

**Indicators:**

- Reached sales target of \$333.5 million
- Achieved dividend of \$187 million
- Achieved earnings from operations of \$168.7 million

**2.** By April 2, 2022 NLC will have grown the dividend and expanded the customer base.

**3.** By April 1, 2023 NLC will have grown the dividend and expanded the customer base.



## STRATEGIC THEME 2 – OPERATIONAL EXCELLENCE

NLC will continue to improve operational excellence by working with key stakeholders and partners at all levels of the organization to innovate and increase efficiency and effectiveness. Essential to this is leveraging technology to increase efficiency and workplace safety, to generate and protect data, and to provide solutions that enhance the customer experience.

### STRATEGIC THEME 2

**BY APRIL 1, 2023, NLC WILL HAVE IMPROVED OPERATIONAL EXCELLENCE.**

**Goal: Improved operational excellence**

- Improved inventory turns
- Decreased costs as a percentage of sales
- Introduced technology improvements

**Objectives:**

1. By April 3, 2021 NLC will have improved operational efficiency through intelligent application of technology.

**Indicators:**

- Improved inventory turns to 4.8
- Decreased cost as a percentage of sales by 0.5%
- Completed 90% of Information Technology initiatives as per plan

2. By April 2, 2022 NLC will have improved operational efficiency through intelligent application of technology.

3. By April 1, 2023 NLC will have improved operational efficiency through intelligent application of technology.





# STRATEGIC THEME 3 – EXCEPTIONAL STAKEHOLDER EXPERIENCE

Customer needs continually evolve. NLC will engage customers to ensure service offerings are responsive and provide a customer experience that meets or exceeds their expectations.

NLC will build collaborative and productive relationships with stakeholders so that needs are well understood and products, programs, policies and services align with expectations. Furthermore, NLC will ensure products and services are readily available to promote greater stakeholder engagement. NLC will continue to build strategic alliances with key partners in the pursuit of delivering on its mandate. The commitment to exceptional customer experience extends to stakeholders from across NLC’s broad spectrum of responsibilities arising from the multiple lines of business.

## STRATEGIC THEME 3

**BY APRIL 1, 2023, NLC WILL HAVE PROVIDED EXCEPTIONAL STAKEHOLDER EXPERIENCE.**

**Goal: Exceptional stakeholder Experience**


- Customer satisfaction survey scores

**Objectives:**

- By April 3, 2021 NLC will have increased access to core products and services.

**Indicators:**

- Customer satisfaction survey score of at least 95%
- By April 2, 2022 NLC will have improved stakeholder engagement.
  - By April 1, 2023 NLC will have increased customer satisfaction.




\*\*\*\*\*

Item	Qty	Price	Amount
500 - Beer 56789	1	15.98	15.98
750 - Wine 67891	1	17.98	17.98
375 - Spirits 78901	1	19.98	19.98

\*\*\*\*\*

**ENTER TO WIN**  
 A Monthly Prize from NLC  
 Your opinion is important to us,  
 Tell us about your experience at:  
[www.talk2us.co/nlc](http://www.talk2us.co/nlc)





# STRATEGIC THEME 4 – PUBLIC TRUST

As a Crown Corporation, particularly one that provides regulatory oversight and promotes social responsibility of controlled substances, public confidence in NLC’s operations is paramount. Gaining the public’s trust as well as that of its shareholder requires a focus on sound governance practices, transparency and accountability. NLC will integrate practices that promote these elements directly into its operations. Beyond this, NLC will seek to protect the public through proactive education and collaborative efforts to enforce compliance with laws and regulations to ensure beverage alcohol and cannabis products are distributed and sold responsibly. NLC will also establish and leverage partnerships with organizations and entities across the Province to further promote social responsibility and NLC’s positive impact on the communities it serves.

NLC took proactive steps to mitigate risks to customers and staff from COVID-19 in the early stages of the pandemic, and NLC will continue to adhere to all necessary initiatives to curb the spread of the virus and to protect its employees and customers.

## STRATEGIC THEME 4

**BY APRIL 1, 2023, NLC WILL HAVE IMPROVED PUBLIC TRUST.**

**Goal: Improve public trust**

- Challenges and Refusals
- Establishments inspected
- Number of strategic collaborative operations

**Objectives:**

1. By April 3, 2021 NLC will have improved governance practices across the organization and improved stakeholder communication and engagement.

**Indicators:**

- 9% of transactions challenged through NLC’s challenges and refusals policy.
- 90% of licensed establishments inspected
- 10 collaborative enforcement operations involving NLC and partner organizations

2. By April 2, 2022 NLC will have improved compliance and public education.

3. By April 1, 2023 NLC will have strengthened public confidence.





# STRATEGIC THEME 5 – A COMPELLING WORKPLACE

NLC’s corporate success is driven by the efforts and success of its people. Consequently, establishing a compelling workplace that provides individuals with the opportunity to contribute and to grow professionally; provides the tools and skills needed to succeed; creates a culture that embraces diversity, inclusion and belonging; and provides a safe, respectful workspace is foundational to achieving its strategic objectives. A high performing organization requires strong coaching, measurement and recognition of performance, and exceptional two-way communication between management and staff. NLC will strive to implement progressive and creative policies and practices that promote a workplace whereby individual satisfaction and achievement are clearly reflected in the results of the organization.



## STRATEGIC THEME 5

### BY APRIL 1, 2023, NLC WILL HAVE BECOME A COMPELLING WORKPLACE

#### Goal: Become a compelling workplace

- Voluntary turnover rate of staff in permanent positions
- Absenteeism rate
- Number of diversity, inclusion and belonging awareness initiatives

#### Objectives:

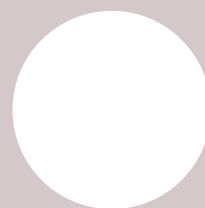
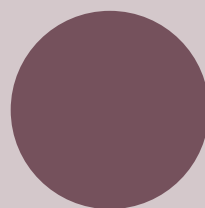
1. By April 3, 2021 NLC will have aligned Human Resources policies to reflect company values and strategic priorities.

#### Indicators:

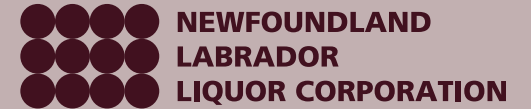
- Voluntary turnover rate of less than 4%
- Average absenteeism rate of less than 9 days per year
- At least 10 diversity, inclusion and belonging awareness initiatives

2. By April 2, 2022 NLC will have improved employee safety, health and wellness and aligned employee skills with strategic priorities.
3. By April 1, 2023 NLC will develop a strong internal talent pool by establishing a workplace which promotes individual success and professional growth.

**APPENDIX**



# CORPORATE STRATEGY MAP





# EXECUTIVE AND DIRECT REPORTS

## Organizational Chart

