

Cultivate Leaders

Be Socially Responsible

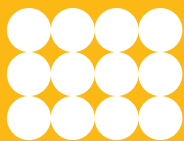
Enhance our Culture

Engage our Customers

2011-2014

# Business Plan

Improve our Performance



NEWFOUNDLAND  
LABRADOR  
LIQUOR CORPORATION

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# Message from the Board of Directors

On behalf of the Newfoundland Labrador Liquor Corporation's (NLC) Board of Directors, I am pleased to present NLC's Business Plan for 2011-14. This plan outlines NLC's direction and strategic priorities for the coming three years as well as the criteria by which the organization's results will be measured. Based on the objectives and measures established in the previous business plan, NLC has achieved tremendous success. This plan is expected to build on this success and further establish NLC as a respected retailer recognized for customer service, a progressive corporate culture, and excellent financial performance – all within the context of a demonstrated commitment to social responsibility.

NLC is a Category II entity as defined by the **Transparency and Accountability Act**. NLC's 2011-14 Business Plan was developed with careful consideration to the strategic directions of government as communicated by the responsible Minister. While NLC's current mandate is not directly linked to any of the stated strategic components of the Department of Finance, NLC contributes to the

financial health of the province and, through its focus on responsible consumption of beverage alcohol, also supports public health and social policy objectives.

As Chair of the Board, my signature below indicates the Board's accountability for the completion of NLC's Three Year Business Plan and the achievement of the goals outlined within it.

NLC is a unique entity within government – a crown corporation operating in the private sector retail world competing for the discretionary income of consumers while also promoting a message of responsible consumption. It is a delicate balancing act, but one that NLC has executed successfully. I am confident that the 2011-14 Business Plan will provide a road map to continuing this success.

Glenn Tobin  
Chairperson, Board of Directors  
Newfoundland Labrador Liquor Corporation





# Purpose of this document

This document outlines the Newfoundland Labrador Liquor Corporation's (NLC) approach over the next three fiscal years (2011-14) to enable it to progress towards the achievement of its mission and vision. It describes NLC's strategic priorities, performance criteria, and the environment within which NLC operates. It provides guidance for all staff in their

day-to-day decisions and actions. Finally, it provides a level of transparency and accountability that is meant to provide all stakeholders with confidence in NLC's ability to execute the strategy and associated initiatives that will determine NLC's success in the coming three years.

# Scope

This submission provides a three year outlook on NLC's overall strategic direction and outlines initiatives planned for 2011-12. Specific initiatives and priorities in 2012-13 and 2013-14 will be determined as dictated by circumstances at the time and will be referenced in NLC's annual reports. Further, this document focuses on high-level issues of concern at the Board level – it is not meant to cover operational or business unit level issues.

While there are several measures and indicators identified in this plan that NLC will use to evaluate its performance, as in the past, these will be evaluated to ensure they are meaningful predictors and indicators of performance. Consequently, it is possible that these measures will be refined over the course of this planning period to ensure NLC's performance is accurately reflected.



# Description of the Business Planning Process

The Business Planning process approved by the Board was an inclusive participatory process that incorporated input from a wide array of stakeholders. The process included the Board, the Executive Management Team (Executive), the Business Planning Working Group (BPWG) – a group comprised of senior management staff from across the organization, and a focus group consisting of line staff representing all key functions of NLC. In addition, contributions were made by various departmental representatives in the course of developing their annual departmental business plan as part of NLC's planning and budget process (a description of the roles played by the various groups is outlined below). Finally, the results and learnings gained from the development and execution of NLC's 2008-11 Business Plan were used to guide development of this plan. The process for developing NLC's 2011-14 Business Plan (the Business Plan) commenced in October 2010. The Business Plan will be referenced regularly to ensure its relevance in driving NLC's success in the coming three years.

The Board approved the business planning process as well as the content of the Business Plan. Input was provided regularly throughout the planning process.

The Executive held in-depth, professionally facilitated discussions that identified the key issues facing NLC and the environment in which it operates, and confirmed the Corporation's Vision, Mission, Values, Goals and Objectives.

The BPWG consisted of 18 individuals representing all departments of NLC. This group met on several occasions to provide input on NLC's Vision, Values, Mission, and Strategy Map, its corporate culture, an

organizational SWOT analysis, and other current and proposed Corporate initiatives. The focus group of line staff performed a similar role albeit from a different perspective, namely that of front line staff rather than supervisory staff.

In conjunction with the Corporation's budgeting process for fiscal 2011-12, individual members of the Executive worked with their department directors and representatives on the BPWG to develop departmental business plans that were reviewed by the Executive and incorporated into the Business Plan. These departmental plans included the following items, specific to the respective department: progress on previous year's initiatives, department strategy map, key performance criteria and measures, key assumptions, SWOT analysis, and key initiatives for 2011-12.

Having numerous individuals from across the organization involved with the business planning process is essential because it distributes responsibility and influence for the Business Plan throughout the organization, helps grow a critical planning competency across the various NLC departments, provides the members of the Board and Executive with fresh perspectives to consider, and helps to build buy-in and understanding of the process throughout the organization. This approach was so successful during the development of the 2008-11 Business Plan that it was expanded to include even more staff for the development of the 2011-14 Business Plan.

A listing of the members of the Board, the Executive Management Team, the BPWG, and the Employee Focus Group is provided in Appendix I.

# Mandate

The mandate of NLC is to manage and oversee the manufacture, sale, and distribution of beverage alcohol within the province of Newfoundland and Labrador. This also includes enforcement of all relevant legislation. This mandate is established in legislation, namely the Liquor Corporation Act, the Liquor Control Act, and the Liquor Licensing Regulations.

While not specifically mandated in legislation, there is a clear expectation from the government and the public that NLC take a leading role in protecting the public by promoting responsible distribution, sale, and consumption of beverage alcohol. This is a role NLC takes very seriously.

commitment to increasing NLC's status as a socially responsible organization by incorporating responsible consumption, improved environmental practices, and visibly demonstrating good corporate citizenship.

## Organization

NLC directly employs approximately 534 employees (full time equivalents) and operates 24 **Liquor Store** locations, located in most major centers throughout the province. In addition, the Corporation supplies 122 **Liquor Express** outlets, located primarily in more rural areas of the province, and over 2900 licensees that consist of Brewers Agents, restaurants, hotels, lounges, bars, and other such establishments. The Corporation operates three distribution centers – one in each of St. John's, Clarenville, and Deer Lake. As well, NLC operates **Rock Spirits**, a manufacturing/bottling plant in St. John's, which has produced 233,000, 242,000 and 316,000 cases (9 litre equivalent) of spirits in 2008, 2009, and 2010 respectively.

# Overview

## Background

NLC was established under the Liquor Corporation Act of 1973. It is a provincial crown corporation responsible for managing the importation, sale, and distribution of beverage alcohol within the province. NLC is a major retailer (through corporately controlled liquor stores which are branded under the name **Liquor Store**), wholesaler (to agency stores which are branded under the name **Liquor Express**, and to various licensees throughout Newfoundland and Labrador), and manufacturer/bottler (branded under the name **Rock Spirits**).

The past six years have seen a significant change at NLC as it has evolved into a modern, more sophisticated retailer which is focused on generating greater value by creating operational efficiencies, enhancing the shopping experience, demonstrating outstanding customer service (to both internal and external customers), and creating a progressive workplace. Overriding all of this has been a

## Management Structure

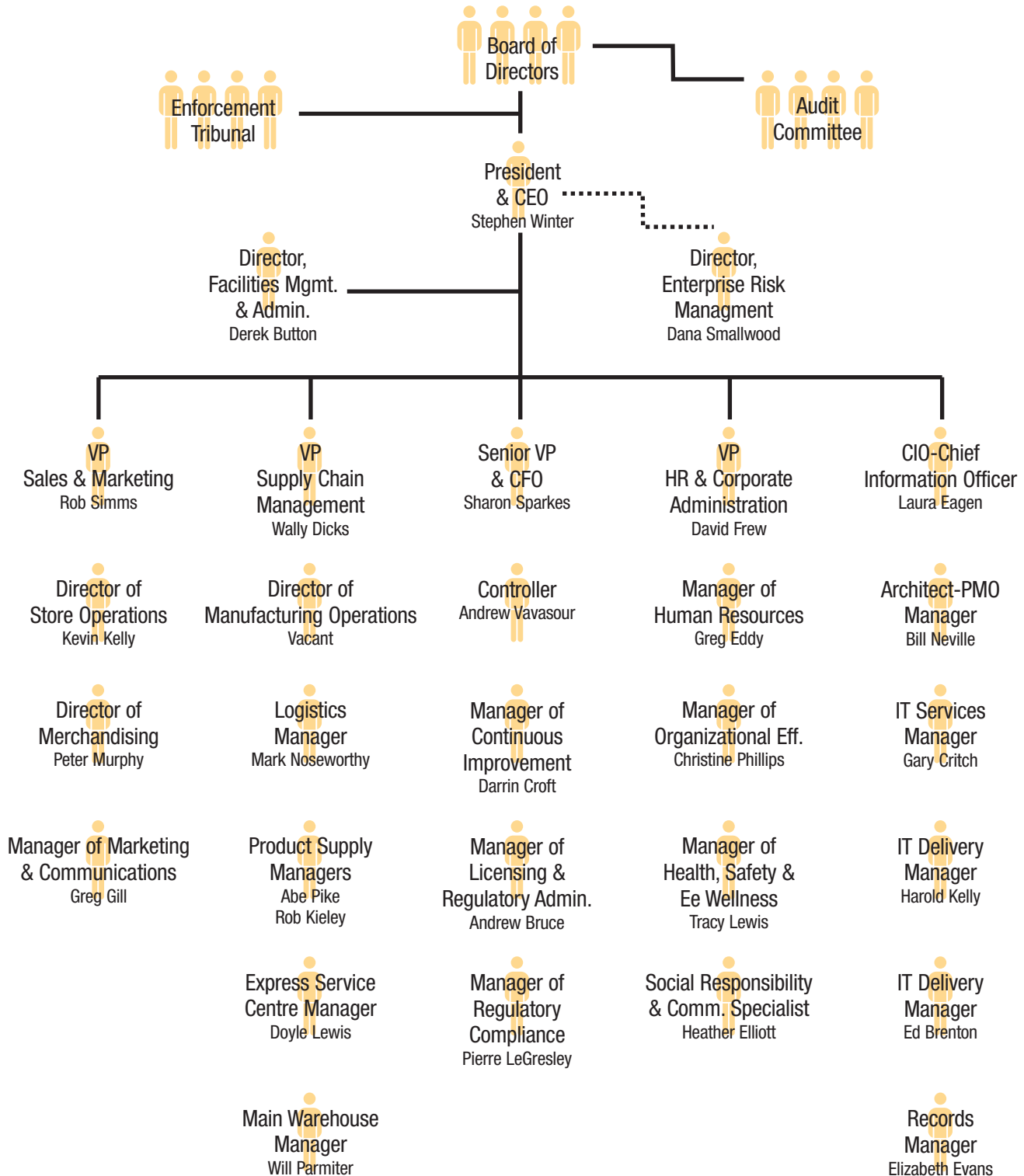
NLC is overseen by a Board of Directors consisting of a Chair, who reports to government, and not more than six other Board members, one of whom is the President and CEO. Board members are appointed by the Minister of Finance – normally for a term of three years.

Reporting to the Board, and also appointed by the Minister of Finance, is the President & CEO of the Corporation. This individual is responsible for the day-to-day management of NLC and other duties as assigned by the Board.

NLC's Executive Management team consists of the following: President & CEO, Senior Vice President & CFO, Vice President Supply Chain Management, Vice President Sales & Marketing, Vice President Human Resources & Corporate Administration, and Chief Information Officer. See Figure 1 for NLC's Organization Chart.

FIGURE 1

# NLC Organizational Chart





## Market/Customers

The primary customers of NLC can be broken down into four groups, three of which are external. These are:

- **End consumers** who purchase beverage alcohol for the purpose of consuming it personally. This would include individuals that shop **Liquor Store** and **Liquor Express** outlets.
- **Liquor Express outlets and licensees** that purchase beverage alcohol for the purpose of reselling it to the end consumer. These entities permit distribution of NLC product throughout the province. These operations must also comply with regulations associated with NLC's licensing and enforcement responsibilities.
- **Government** who looks to NLC to meet specific financial goals but in a manner that protects the public and ensures prudent application and enforcement of relevant legislation.
- **Internal customers** – co-workers and other individuals within NLC with whom NLC staff work and interact on a daily basis to ensure internal operations are as smooth and efficient as possible. Internal customers warrant the same kind of customer attention as our external customers.

Of the four groups above, NLC's revenue is almost exclusively driven by the end consumer, either through direct purchase made in a **Liquor Store**, or through sales to **Liquor Express** and licensees that sell directly to the end consumer.

One of the key challenges to NLC, like any retailer, is the ability to adjust its product offerings and services to meet ever changing and increasingly demanding customer tastes and expectations.

## Suppliers

Suppliers are critical to NLC as they provide the products NLC retails through its Liquor Store outlets. Other suppliers provide NLC's manufacturing plant with the raw material needed to blend and bottle various types of beverage alcohol. Current relationships with suppliers are positive. Challenges include long lead times for the receipt of product from foreign suppliers and delivery to NLC.

## Employees

NLC employs approximately 534 full time equivalent employees (FTEs) throughout the province, of which approximately 51% are female and 49% male. Approximately 70% of these employees are unionized and represented by the Newfoundland Association of Public and Private Employees (NAPE). The labour-management relationship is one of respect, collaboration, and open communication. In NLC's most recent employee survey, 71% of employees felt that NLC was a "great place to work". Most employees are long term with approximately 11% (or 42) of NLC's full-time permanent staff eligible for retirement within the next three years.

Challenges attracting and developing highly skilled staff will be a priority for NLC going forward particularly in light of the competition for high caliber staff, the shrinking labour pool, and the potential of staff turnover due to retirement. NLC also has an aging workforce which presents challenges given the physical nature of the work – this combined with the elimination of mandatory retirement has contributed to increased costs associated with sick leave, injury, physical disability and associated accommodation. Without appropriate management, these costs are expected to grow. Employee development has been, and will continue to be, a priority as NLC strives to enhance its ability to meet customer expectations and improve operational effectiveness while also creating a large in-house labour pool that provides opportunities for professional growth and produces suitable candidates for succession planning.



## Finance and Economics

Since its inception both NLC sales and the dividend remitted to the government have grown annually. NLC is a significant revenue generator for government, and, over the past three years, has exceeded net income expectations in each of the three years. These increases have largely been driven by innovative retail and operational improvements, rather than price increases.

Not surprisingly, there is a direct correlation between the financial results of NLC and the economic well-being of the population. There are economic variables within Newfoundland and Labrador which directly influence NLC revenues. These variables include population size, movement of the population from rural parts to urban centers, unemployment rates, the reliance of many towns on one primary employer, and the age of the population. Changes in any of these variables have the potential to fundamentally alter the financial position of NLC. Finally, as with all beverage alcohol retailers and as NLC's experience has shown, weather has the potential to significantly impact sales and, consequently, financial performance.

Current economic indicators for the province are quite positive. Of particular note, GDP is expected to grow as is personal income, population is expected to grow slightly, and retail sales are expected to trend favorably. This is a favorable environment for NLC.

## Technology Infrastructure

The improvements generated by new technology initiatives have been significant at NLC – this trend is expected to continue over the course of this plan. NLC will continue to focus on leveraging technology to automate processes, improve interaction with customers and to provide quality data and analysis tools to support decision making. NLC will explore social media to explore opportunities to gain insight from existing and new customers and employees.



## Corporate Culture

NLC's culture has undergone a fairly significant transformation over the past six years. While the pace of change will likely slow in the future, NLC's culture is now one where the status quo is constantly challenged in order to meet changing consumer demands and to continually improve operations. Improved communication to engage staff and to help staff understand organizational strategy, priorities, and expectations while also creating a sense of "connectedness" will be a priority over the course of this planning period. NLC will continue to build a culture focused on customer service, employee engagement, and performance.

## A Unique Entity Within Government

NLC is unique relative to other government entities. It is a monopoly retailer and wholesaler, operating in the private sector, competing for the public's discretionary income. The product offered by NLC is beverage alcohol – seen by many as a potentially harmful product. Hence, NLC must balance seemingly conflicting goals of revenue generation with responsible consumption. Further, NLC will continue to promote legislation that provides it the flexibility to conduct its operations in a manner required by the environment in which it operates.

# SWOT Analysis

In establishing the key issues before NLC, it is necessary to have a clear understanding of the strengths, weaknesses, opportunities, and threats as well as the key risks applicable to the organization – this helps keep the organization's goals and initiatives “real” given the resources, abilities, and constraints that apply to it.

## Strengths

- Exclusive control of the distribution of beverage alcohol in the province
- Employee competence at the key positions
- Positive relationships with stakeholders
- Productive, collaborative, respectful relationship with staff and union representatives
- Favorable brand - strong customer satisfaction and multiple award winner
- Solid financial position
- Clarity of strategic direction and focus across the organization
- Customer focused and committed workforce supportive of NLC strategic direction

## Weaknesses

- Organizational silos – internal communication is insufficient in some areas
- Performance management and measurement tools not utilized to their full potential to promote engagement and strategy execution
- Incomplete documentation of internal policies and procedures
- Coordinated, planned flow of inventory from sourcing to exit is not optimal
- High cost of labour, in some areas, relative to competitors
- Warehouse – layout is disjointed and capacity is limited
- Communication and engagement of staff throughout the organization
- Employee absenteeism is high and a significant cost to operations

## Opportunities

- Consumer economic indicators are very favorable
- Increase NLC brand strength – as a great place to work
- Professional development and succession planning for critical positions
- Partnering with other jurisdictions on various initiatives and training
- Social media provides potential to connect NLC to key customers more directly
- Increasing urban population increases potential for more **Liquor Store** locations
- Customer desire for marketing and promotional initiatives on product
- Strong relationship with union and commitment to employees enhances opportunities for operational changes that improve corporate performance
- Manufacturing facilities provide revenue growth potential

## Threats

- Shifting demographics (e.g.: aging population; population movement; etc.) and economic disruptions (e.g.: major employer shutting down operations; unemployment rate; etc.)
- Difficulty accurately predicting the needs of a complex, highly demanding customer base
- Increasing competition for discretionary income of consumers
- Currency fluctuations – a strong Canadian dollar hurts US sales of locally produced product
- Attracting and keeping talented staff
- Engaging a multi-generational workforce





# Lines of Business

The lines of business (LOB) for NLC are:

- Retail Sales
- Wholesale Sales
- Manufacturing/Operations
- Regulatory Services

## Retail Sales

The most visible component of NLC's operations to many is the retail sales of beverage alcohol through its 24 **Liquor Store** locations corporate stores throughout the province. Population dictates the location of corporate stores. Currently, these stores are located in the following localities:

- St. John's (9 stores)
- Mount Pearl (2 stores)
- Clarenville
- Placentia
- Marystown
- Gander
- Grand Falls-Windsor
- Corner Brook (2 stores)
- Port aux Basques
- Happy Valley-Goose Bay
- Labrador City
- Bay Roberts
- Stephenville
- Carbonear

**Liquor Store** outlets carry an extensive selection of spirits, beers, "ready to drink" (RTD) alcoholic

beverages, and wine, imported from around the world, as well as some locally produced spirits, wine, and beer. **Liquor Store** staff are all direct employees of NLC. All aspects of business operations including store design, sale, marketing, merchandising, information technology, and human resources, etc. fall under NLC jurisdiction.

## Wholesale Sales

NLC's Wholesale operations supply 122 **Liquor Express** agency operated stores and over 2900 licensees. This group accounts for close to 30% of NLC's annual provincial sales revenues. **Liquor Express** stores are normally located in areas in the province that do not have the population to support a corporate store and involve an arrangement whereby an individual or corporation bids for the right to sell beverage alcohol in a retail environment. **Liquor Express** stores have limited selection and service relative to a **Liquor Store**. **Liquor Express** operators receive a commission from NLC on the product they sell. Licensees include bars, lounges, and restaurants that are licensed by NLC Regulatory Services to receive product that is resold to customers for profit.





### **Manufacturing**

NLC's manufacturing operation - **Rock Spirits**, consists of a blending and bottling plant. NLC has developed recipes for various spirits, owns the rights to certain brands, and blends and bottles product at its manufacturing facility in St. John's. These products are sold locally 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 handle intricate bottling required of unique bottle shapes and sizes.

NLC has made investments in its manufacturing operations to ensure it's in a position to secure more contracts and to increase its production capacity.

### **Regulatory Services**

Developing, recommending, and ensuring compliance with appropriate legislation governing the sale and distribution of beverage alcohol continues to be a primary responsibility of NLC. The functions associated with this line of business include: recommending legislation and the audit, investigation, and enforcement of relevant legislation – this would include laying charges and imposing penalties against those in violation of this legislation. This arm of the business also includes an education component whereby licensees, agencies, and the general public are informed of the legislation and how it impacts them in order to promote responsible sale and consumption of beverage alcohol.

**Rock Spirits** owns, produces, and markets the following products:

Old Sam Rum  
 Screech Rum  
 Chardanac Brandy  
 Newfoundlander's White Rum  
 Amherst Gate Whisky

Cabot Tower Rum  
 Ragged Rock Rum  
 Shiver Vodka  
 Shiver Gin  
 Big Land Whisky

And contract bottles the following:

Iceberg Vodka  
 Iceberg Gold Rum  
 Smuggler's Cove Dark Rum  
 Crystal Head Vodka

Iceberg Gin  
 Iceberg Silver Rum  
 London Dock Rum  
 Lemon Hart Rum

### **Additional Information**

For more information on NLC and its operations, see NLC's website at [www.nliquor.com](http://www.nliquor.com)

# Our Key Customers

There are several customers critical to NLC's success – all with differing needs and continually rising expectations. NLC is committed to customer service and delivering products and services that meet and exceed customer expectations.

## Primary Customers

- Retail customers – the end consumer that drives our business. As in any retail environment, individual consumer tastes vary with regard to specific products, however, attributes important to all customers include easy access to product, product selection, value, quality, and a retail staff that offer excellent service and demonstrated product knowledge. NLC customers are becoming increasingly sophisticated in their knowledge and tastes in beverage alcohol. They have come to expect an engaging, pleasant shopping experience. NLC's focus in this area appears to have been successful as NLC consistently scores very highly in retail customer satisfaction surveys.
- The general public (both consumers and non-consumers of beverage alcohol) who want assurance that sale, manufacture, and distribution of beverage alcohol is controlled to promote safe, intelligent consumption. NLC recognizes a responsibility to all people to reinforce the message, in word and act, that beverage alcohol should be enjoyed responsibly and in moderation. Further, people who are vulnerable to the negative effects of beverage alcohol must be protected. The public also has a growing expectation of good corporate governance by those entrusted to oversee the operation of the organization and its assets.
- Wholesale customers within the province such as **Liquor Express** agencies and licensees play a crucial role in distribution and access to product within the marketplace. These customers provide NLC with a sales and distribution network which enables ease of access to product virtually anywhere in the province. These customers are selected by NLC through formal application and licensing processes. These customers want a simple and straight-forward application process, fairness in the issuing of licenses and enforcement, clear information and guidance with regard to the legislation governing them, a reasonable selection of product, access to marketing and merchandising expertise and advice, and timely distribution and delivery.
- Brewers and brewer's agents, the latter being primarily convenience stores that are licensed by NLC to resell product sold to them by the brewers. These entities represent a significant source of revenue to NLC. Brewers, licensed by NLC to produce local product, must pay a commission to NLC on all locally produced product. This product is distributed to various brewer's agents throughout the province for resale. Brewers and brewer's agents expect NLC to establish fair pricing policies, to ensure a wide network for distribution and sale of product, and to ensure the relevant legislation and regulations are enforced appropriately.
- NLC's internal customers – those individuals within NLC who count on other NLC employees to deliver inputs that enable them to do their jobs competently thereby delivering value to our external customers. A focus on internal customer service is essential to ensure we meet the customer service promise made to our external customers.

## Secondary Customers

- Other Canadian Liquor Boards provide sales opportunities beyond the province's borders. These boards purchase **Rock Spirits** products and other local product for resale. These customers represent revenue growth potential if NLC can successfully market local brands to other liquor jurisdictions. These customers judge NLC on product availability, quality of product, and timely distribution.



- Other third party brand owners for whom **Rock Spirits** bottles. These customers represent growth potential as Rock Spirits has the ability to increase production.
- Agents/Suppliers of the various beverage alcohol products sold and distributed by NLC and its agencies and licensees. These are the organizations that provide NLC with the vast majority of the products it sells. NLC currently carries over 4000 products – this range of selection is demanded by our customers and has earned NLC accolades from customers and other liquor agency officials from across Canada. Strong supplier relationships are critical to ensure NLC

maintains access to the product mix needed to be successful. These organizations want fair pricing and payment terms, access to shelf space and marketing opportunities, and wide distribution.

### **Government – A Key Stakeholder**

- Government holds multiple roles within NLC's world. It is the shareholder to whom NLC dividends flow for reinvestment to the benefit of the general population. It is also a customer that expects NLC to ensure that the sale, distribution, and manufacture of beverage alcohol is conducted in a socially responsible manner - governed by appropriate legislation and enforcement practices for the good of all.

## NLC Values

### **Socially Responsible**

Each NLC employee and Board member will advocate intelligent consumption by seeking to inform and educate customers and clients in the responsible and safe use of our products and by practicing intelligent consumption. NLC will also actively contribute to the communities within which it operates. Finally, NLC will also seek to operate in an environmentally friendly manner.

### **Professional**

Each NLC employee and Board member will develop trusting relationships with our clients by demonstrating our values, being honest and forthright, honouring our commitments, and treating people with respect and dignity. NLC stores will be clean, attractive, well designed and functional. NLC staff will be knowledgeable, friendly, and will engage customers thoughtfully and courteously to ensure their needs are clearly understood and serviced.

### **Teamwork**

Each NLC employee and Board member recognizes the importance of diversity and teamwork and will encourage input from all of our key stakeholders,

internally and externally, to promote better decision-making and to optimize performance. We will recognize outstanding contributions and will look for opportunities to celebrate and develop strong relationships among our staff. We will ensure expectations are defined and communication clear.

### **Initiative**

Each NLC employee and Board member appreciates that leadership is not position specific. Initiative will be encouraged, recognized and rewarded throughout the organization. Staff will be expected to use good judgment and will be empowered to make decisions. NLC employees and Board members believe initiative leads to greater success – individually and organizationally.

### **Accountability**

NLC employees and Board members recognize that each individual is personally responsible for ensuring that expectations are understood and will take the appropriate actions to ensure that these expectations are met. These individuals will seek feedback to ensure that expectations are met, and where they are not, will take action to remedy the situation and prevent it from happening in the future.

# NLC Vision

To be passionate about service in everything we do

# NLC Mission

NLC is mandated to oversee the manufacture, sale, and distribution of beverage alcohol within the province – with the expectation that it will generate revenue for the government which will be reinvested for the benefit of the population. Furthermore, NLC will strive to ensure its mandate is conducted in a socially responsible manner. In NLC's view, these are the outputs expected of it – and they are not expected to change. To achieve these outputs, NLC has adopted the following mission:

To be recognized as an exceptional organization, known for its passion in customer service, strong business performance, and progressive corporate culture.

The recent initiatives undertaken by NLC speak to its commitment to this mission – and the success to date leaves NLC confident that this approach is the right one going forward. This mission provides NLC with a constant sense of urgency to find better ways to deliver on the expectations of key stakeholders. It also reminds us of the various key drivers of our success – customer focus and our work environment. This, coupled with the attention to financial performance, keeps NLC focused on the key measures of success.



NLC will continue to implement new initiatives aimed at achieving this mission – our focus on performance measurement and management, improved operational efficiencies, customer service, promotional and marketing programs, staff education and engagement, social responsibility advocacy and partnerships, increased education promoting legislative compliance, and improved governance will enable NLC to meet and exceed expectations.

NLC will constantly strive to achieve this mission with the expectation that, in so doing, it will undertake initiatives and make decisions that optimizes its value to the government and the people of Newfoundland and Labrador. The specific measures and indicators of NLC's success are further defined in the next section.

# Business Issues, Goals, Objectives, Measures, and Indicators

In order to achieve its mission and vision, the Corporation has implemented a **Balanced Scorecard** to help ensure successful execution of its strategy (an explanation of Balanced Scorecard is found in Appendix II). The Balanced Scorecard identifies four perspectives from which the goals, key objectives, measures, and indicators will fall. These four perspectives are described below:

- Financial Performance – defines the financial performance expected of NLC by government. Financial objectives are established with consideration to the impact of social responsibility initiatives which may reduce profit maximization.
- Customer – defines key customer expectations that must be met if NLC is to be successful. NLC has several customers, some with conflicting expectations from NLC. Included in this perspective are both internal and external customers.
- Internal Processes – identifies the processes at which NLC must excel if it is to meet the expectations of its customers and stakeholders.
- Employee Learning and Growth – examines tools, technology, information, compensation, leadership, and corporate culture needed to ensure employees are successful in their individual roles, and that enable the Corporation to achieve its Vision.

## Strategic Themes

In conjunction with the four perspectives defined above, NLC has identified five Strategic Themes which permeate the four perspectives. These strategic themes are:

- Engage the customer – with outstanding selection and friendly, helpful service
- Improve our performance – by continually raising the bar on key measures
- Be socially responsible – in everything we do
- Cultivate leaders – building leadership capabilities throughout the organization
- Enhance our culture – engaging our people more strongly in our journey of success

NLC's priorities are reflected in the objectives identified on NLC's Strategy Map. By establishing objectives in each of the four perspectives, NLC is recognizing that success requires an integrated approach that considers improvements in the four key areas that determine organizational success (ie: financial performance, customer, internal processes, and employee learning and growth). Greater connectivity of the objectives is achieved when all objectives are developed in consideration of the overriding strategic themes. The result is a balanced but comprehensive illustration of NLC's priorities and areas of focus. These objectives will be used by the various departments to guide the identification and implementation of various initiatives which are aligned with Corporate priorities, thereby enhancing the chance of success.

NLC's strategic objectives are contained in Figure #2 - **NLC Corporate Strategy Map**. Each of these objectives also has an associated measure and indicator(s) including targets for each indicator. Annual initiatives will be focused on enabling the achievement of the targets. A detailed breakdown of the goals, objectives, measures, indicators, targets, and critical initiatives is provided in the following sections.



FIGURE 2

# NLC Corporate Strategy Map 2011-2014

*Our path to success.*

**Strategic Themes that guide our business:**

- Engage our Customers – with outstanding selection and friendly helpful service.
- Improve our Performance – by continually raising the bar on key measures.
- Be Socially Responsible – in everything we do.
- Cultivate Leaders – building leadership capabilities throughout the organization.
- Enhance our Culture – engaging our people more strongly in our journey of success.



It should be noted that the NLC Strategy Map has changed slightly from the previous business plan. While the objectives have not changed in a material manner, the look of the strategy map has changed to make it more effectively understood by staff across NLC.

To enhance understanding, critical business issues affecting NLC's success are described under each of the four Balanced Scorecard perspectives, namely –

financial performance, customer, internal processes, and employee learning and growth. Within each of these four sections are the relevant three year goals, as well as relevant objectives and their definition. Each objective has a measure and one or more indicators associated with it – these are provided along with the targets for 2011-12. For each measure's 2011-12 target, the key initiatives expected to ensure achievement of that target are provided.

## **Issue 1 - Financial Performance Perspective: Excellent Business Performance**

NLC has experienced significant financial success over the past five years. Maintaining this over the next three years will be challenging. Much of the success has been built around better retail space, improved services, and knowledgeable staff.

Newfoundland and Labrador weathered the recent recession better than any province in Canada which undoubtedly helped maintain the momentum of successful financial performance which started five years ago. Economic indicators are trending positively for the province, driven largely by the oil sector.

However, there are areas of concern which may impact NLC's future financial performance. NLC's consumer base is aging – it is acknowledged that consumption of beverage alcohol drops as an individual ages. Further, consumers are becoming more value conscious – moving to lower margin products. Larger markets across Canada are experiencing household purchasing patterns that suggest beverage alcohol consumption is declining as a result of a lifestyle choice – this trend may move to Newfoundland Labrador over the term of this Business Plan. Newfoundland Labrador's population is relatively modest and is not deemed to offer material revenue growth potential.

NLC's financial performance revolves not around profit maximization, but rather optimizing shareholder value – that is, delivering appropriate financial return while maintaining a strong emphasis on socially responsible operations. Society's expectation for a demonstrated commitment to protecting and educating consumers to the dangers associated with the products NLC sells and distributes invariably conflicts with a profit maximization strategy. Also, as with most business entities, NLC strives to continually improve operational efficiency and asset utilization.

Given the above, the objectives NLC has focused on to achieve its intended financial performance are: optimize shareholder value; grow sales; and improve operational efficiency.

### Goal

By 2014, NLC will have improved its financial performance

### Measure

By 2014, NLC's financial performance has improved

### **Objective F 1 – Optimize shareholder value**

NLC's shareholder is the Government of Newfoundland and Labrador. Government, in this case, represents the populace of the province. The critical expectations the government has of NLC revolve around two issues – financial return and helping to protect the public from the social ills arising from irresponsible consumption of beverage alcohol. Consequently, NLC does not seek a pure profit maximization approach but, rather one that balances operations to satisfy these two seemingly contradictory needs. NLC has established a sales and distribution network that permits consumers to access a wide variety of products in a safe, controlled environment that protects the public but also that enables NLC to generate an appropriate financial return which is reinvested for the public good. NLC will achieve this objective by focusing on consumer service to drive sales, increased efficiency to reduce costs, and a focus on social responsibility to protect the public.

### Measure

NLC will implement initiatives to optimize shareholder value by balancing financial return within the context of a socially responsible organization.

### **Objective F 2 – Grow sales**

Sales largely determine the financial contribution NLC can make to government and is largely dictated by NLC's ability to satisfy customer demands. NLC will strive to grow sales and profitability by delivering exceptional customer service that includes inviting shopping facilities; wide product selection and availability; and engaging, knowledgeable staff – all within the principles of social responsibility.

### Measure

NLC will implement initiatives that lead to improved sales without interfering with its commitment social responsibility

**Objective F 3 – Improve operational efficiency**

NLC will continuously look to improve the performance and productivity of its resources. These efforts are focused on cost reduction and the elimination of waste as well as ensuring NLC maximizes asset productivity. This objective will be

achieved through continuous process improvement and efficient, effective asset utilization.

**Measure**

NLC will implement initiatives to improve processes and promote efficient asset utilization

*NLC's year end is the first Saturday of April each year. Consequently, every 5-6 years, there is an extra week in NLC's fiscal year. Fiscal 2011-12 is a 53 week year. This circumstance is not unusual in the retail industry. It facilitates weekly comparisons which is of significance measuring the performance of a retail business.*

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
F 1.1 Dividend	\$138.0 M	Regularly review financial expectations and performance with government and Board Pursue revised legislation governing NLC operations	\$142.0 M
F 1.2 Net Earnings	\$137.8 M	Monitor financial performance and take appropriate action to address issues	\$143.5 M
F 1.3 Earnings from Operations	\$76.5 M	Regularly review financial performance with key management staff Track key financial indicators regularly and take action as appropriate	\$82.1 M

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
F 2.1 Sales	\$220.0 M	Review financial performance weekly with store managers Store managers to discuss financial performance and goals with store staff daily	\$237.3 M
F 2.2 Gross Profit	\$125.0 M	Develop a pricing strategy that optimizes balance between revenue generation and social responsibility	\$133.6 M
F 2.3 Revenue per Litre (by product category)		Implement customer education and merchandising initiatives that promote buying better, not more	
Spirits	\$30.41		\$30.60
Wine	\$15.16		\$15.80
RTD	\$8.26		\$8.34
Beer	\$5.16		\$5.29

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
F 3.1 Operating Expenses as a % of Sales	22.1%	Regularly track expenses and take appropriate action to address issues Implement new tools, equipment, and technology that increase efficiency Review labour scheduling approach Conduct time measurement studies to identify bottlenecks, improve up-time, and better allocate resources	21.7%
F 3.2 Inventory Turns Annually (by category)		Review warehouse layout and operations and implement initiatives to improve operations Utilize technology to optimize inventory levels and inventory flow	
Core	4.3		4.4
Non-Core	0.4		0.5



## **Issue 2 - Customer Perspective: Everything Begins With the Customer**

Like any retail operation, NLC's success rests on its ability to meet and exceed customer expectations. NLC's customer promise focuses on an inviting and engaging shopping environment, knowledgeable staff, and excellent product selection.

Customer expectations are constantly changing and increasingly difficult to predict. Research indicates that consumers are becoming more value-based but seek a pleasant and rewarding shopping experience, one with polite, caring sales associates who are genuinely interested in helping the customer; sales associates that have excellent product knowledge and offer good advice to the consumer; attractive store design; and a reasonably fast shopping process. NLC's efforts to deliver exceptional customer service through professional and well trained staff will continue to be a key differentiator for the business over the course of this planning period.

Younger consumers are driving significant change. These consumers are incredibly plugged-in. This group is using technology to connect with others, to access product information, to find products at the best price, and to attain products that meet their specific individual needs. Their use of social media gives this group incredible ability to influence a retailer's reputation as an individual's experience, both good and bad, can go viral and get communicated to a huge customer segment in a short period of time. In fulfilling the needs of these consumers, NLC will increase its use of social media to create greater connection and interaction between NLC and the consumer.

NLC caters to a variety of customers – each with different needs and expectations, often in direct conflict to one another. While NLC tends to use a fairly mass marketing approach, it will continue to analyze customer buying patterns and sales trends, and look for opportunities to implement marketing approaches that target specific niche customers in order to ensure the most profitable product mix with increased customer satisfaction.

NLC customers, and the public at large, have clear expectations of NLC to operate in a socially responsible manner. This includes ensuring safe and fair sale and distribution of NLC products, but also a commitment to give back to the community and to operate in an environmentally sensitive manner. Consequently, NLC marketing and media messaging will have social responsibility messaging integrated into it. In addition, NLC will implement initiatives, individually or in partnership with other organizations, that reach out to the public, engaging and educating them. NLC's role of educator and promoter of responsible consumption and its commitment to the communities in which it operates goes hand in hand with the sale of our products – programs will be strategically aligned so that NLC's reputation as a socially responsible organization is just as evident as its reputation as an excellent retailer.

To deliver on its customer promise, NLC has identified the following three objectives: create an engaging and satisfying customer experience; serve customers (internal and external) with passion and integrity; and enhance NLC's reputation as a socially responsible organization.

### **Goal**

By 2014, NLC will have improved customer service across all key customer segments

### **Measure**

By 2014, NLC's customer service across all key customer segments has improved

### **Objective C 1 – Create and engaging and satisfying customer experience**

The shopping experience dictates NLC's success. To that end, NLC stores will be bright and inviting, with knowledgeable staff that engage and guide the customer in an exploration of products. Products will reflect customer demands and current industry trends. NLC is seeking to develop relationships with customers that lead to more informed and confident purchase decisions.

Measure  
NLC will implement initiatives to enhance the consumer's shopping experience at Liquor Store and Liquor Express locations

**Objective C 2 – Serve customers (internal and external) with passion and integrity**

NLC employees are committed to a high level of service to their customers, not just those customers external to the Corporation but also co-workers and colleagues that work within NLC. NLC success is predicated on its ability to meet customer expectations. To that end, all NLC employees will actively engage their customers to understand and

deliver on customer expectations. Customer service is what separates NLC from other organizations.

Measure  
NLC will implement initiatives that enable staff to better understand and meet customer expectations

**Objective C3 – Enhance NLC's reputation as a socially responsible organization**

Given the product NLC sells and distributes, as an organization, it comes under close public scrutiny. The public expect that NLC, as a government entity, exemplify the attributes of a progressive organization. This includes transparency, ethics, environmental

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
C 1.1 Internal and external customer survey scores	85%	Implement new promotional, marketing, and merchandising programs to promote products and educate consumers Conduct staff training in product knowledge and customer engagement Develop and implement operational support and education initiatives for Liquor Express store operators Build brand recognition for Liquor Store and Liquor Express Establish consistent standards for store product listings Increase utilization of social media for promotions, education, and brand development Introduce Taste Stations to seven Liquor Store locations	88%

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
C 2.1 Internal and external customer survey scores	85%	Introduce new events into NLC's Special Events portfolio Grow e-mail distribution list to further develop customer relationships Develop initiatives to gather feedback from all customers, both internal and external Develop and implement marketing strategies specific to Liquor Express	88%

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
C 3.1 External customer survey scores re social responsibility	85%	Integrate social responsibility messaging into corporate marketing efforts Develop partnerships to leverage resources with other groups to maximize penetration of the social responsibility message Introduce public awareness initiatives to promote socially responsible consumption Enhance community visibility as a good corporate citizen	90%
Number of Challenges as a % of transactions	7%	Introduce initiatives to raise public awareness of NLC's commitment to responsible retailing of NLC products Introduce, and train staff in, standard operating procedures that reduce the risk of improper selling of NLC products	7%

sustainability, and commitment to the community. Beyond this, the product NLC sells has the potential to produce harm if inappropriately used. Hence, NLC is expected to take a lead role in education and raising awareness of responsible consumption among its consumer base.

#### Measure

NLC will implement initiatives that demonstrate a recognizable commitment to socially responsibility in consumption, retailing, and business operations.

### **Issue 3 - Internal Processes: Innovate, Collaborate, and Allocate Resources Effectively**

With the ever increasing complexity of consumers and the challenges associated with meeting their needs, NLC must continuously improve the manner in which it delivers services. Efficiency and innovation are required not just to increase efficiencies and manage expenses, but also to grow revenues and better instill a sense of social responsibility into the organization and the public.

NLC will continue to develop and utilize technology to provide improved information and analytics that lead to better understanding of our environment, our market, and relationships between different variables – ultimately, this leads to improved business decisions.

NLC's efforts to improve efficiencies while simplifying processes helps to ensure that, as an organization, it does not go stagnant. Internal processes, over which NLC exerts direct control, largely determine NLC's success meeting customer expectations in all areas of our business. For that reason, internal processes will continuously garner stringent review and evaluation to ensure NLC excels in those processes that have the greatest impact on corporate success.

To this end, the following three objectives have been established to achieve excellence in internal operations: ensure we have the right products and services at the right place at the right time; ensure processes are simple, efficient, and reduce

unnecessary complexity; and build social responsibility into all areas of our business.

#### Goal

By 2014, NLC will have improved internal processes to deliver enhanced operational efficiency to better meet customer expectations

#### Measure

By 2014 NLC's internal processes have improved, providing enhanced operational efficiency that better meet customer expectations

### **Objective IP 1 – Ensure we have the right products and services at the right place at the right time**

As a retailer, an NLC priority is the efficient and effective movement of product through the value stream, from product source to the customer's hands. This is particularly challenging given ever changing customer tastes and challenging service expectations. Meeting these expectations requires teamwork and coordination of functions throughout the organization. The initiatives outlined in each department's annual business Plan and Budget are designed to achieve this objective.

#### Measure

NLC will implement initiatives to streamline product flow and provide customers with the products they demand

### **Objective IP 2 – Ensure processes are simple, efficient, and reduce unnecessary complexity**

NLC will seek to continuously improve its operations through disciplined review and change.

Departmental initiatives, identified annually in the department's Business plan and budget, will be focused on improving NLC's ability and efficiency to meet customer expectations and achieve corporate goals and objectives. Specifically, each department will be required to identify specific processes to be reviewed and, where appropriate, amended to achieve intended results more efficiently. A key element in continuous process improvement will be tapping into the collective creativity and knowledge of employees at all levels of the organization.



**Measure**

NLC will implement initiatives to improve the efficiency and effectiveness of processes throughout the organization

**Objective IP3 – Build social responsibility into all areas of our business**

Social responsibility is a fundamental and significant expectation of NLC stakeholders, so much so that it is essential that it is integrated into the very core of NLC's corporate culture. Ingraining social responsibility into NLC operations creates an environment where all NLC initiatives and processes are performed with consideration to social

responsibility. Without building social responsibility into NLC operations, it will be difficult to build NLC's reputation as a socially responsible organization. NLC staff must recognize the importance of social responsibility in NLC operations and be committed to this principle. Consequently, NLC will regularly monitor staff understanding and commitment of this ideal to help ensure social responsibility is built into the very culture of the organization.

**Measure**

NLC will implement initiatives to raise employee awareness and commitment to socially responsible principles in the performance of their duties.

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
IP 1.1 Completion (%) of stated Business Plan initiatives	95%	Develop and review departmental scorecards regularly	95%
IP 1.2 In-stock Service Level (core products)	95%	Introduce a demand planning process Review inventory management practices and warehouse layout Develop and communicate promotional planner on a timely basis Implement regular Category Review schedule Collect customer feedback and incorporate into merchandising planning	95%

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
IP 2.1 % of Suggestions received from employees implemented	30%	Introduce incentives for generating employee suggestions Introduce process improvement initiatives involving front line employees	50%

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
IP 3.1 Employee survey scores re integration of social responsibility into work processes and organizational culture	85%	Develop clear guidelines for challenges and refusals in <b>Liquor Stores</b> and <b>Liquor Express</b> outlets Track challenges and refusals monthly Implement Mystery Shopper program to promote compliance with procedures Implement communication initiatives to raise staff awareness of corporate and individual social responsibility obligations	90%

#### **Issue 4 - Employee Learning and Growth: Proud to be with NLC**

NLC cannot be an exceptional organization without exceptional people. In the future, there will be fewer people from which to find exceptional talent – and the competition for those people will be increasingly fierce. If NLC is to attract, retain, and fully utilize the best people, it must position itself as a great place to work – one where staff are challenged, able and motivated to contribute and to grow professionally, are rewarded for their success, and feel safe.

Through focus groups and employee surveys, NLC has identified the areas that appear to need the greatest focus. These areas include recruitment and selection, communication, and reward and recognition. NLC will continue its commitment to training and professional development not only as a means of driving excellent customer service and performance, but also to develop a rich talent pool for succession planning. Increased attention to building leadership capacity at the supervisory level will help ensure employees receive the coaching, feedback, and workplace environment they need to excel in their roles. Greater effort to recognize and reward exceptional performance is expected to increase employee motivation and satisfaction.

NLC's success hinges on its employees and their willingness and capability to deliver on our customer promise, to be creative and innovative, and their access to the tools and environment that fosters excellence in their role. To achieve this, NLC has identified the following objectives: attract, retain, and grow the best people; foster a culture of exceptional performance, open communication, and employee engagement; and ensure a safe, healthy, and respectful workplace.

##### **Goal**

By 2014, NLC will create a corporate culture is more widely recognized for engaging its staff, celebrating success, and being an excellent employer

##### **Measure**

By 2014, NLC corporate culture is recognized for staff engagement, celebrating success, and being an excellent employer

#### **Objective EL&G 1 – Attract, retain, and grow the best people**

As competition for excellent staff intensifies, NLC will seek to attract and identify exceptional talent and to keep them. NLC will develop staff to create a strong in-house source of talent for promotion and succession. While external recruitment will continue to be a source of new talent and fresh perspective, NLC will invest in current staff to better ensure a source of excellent talent for more challenging positions and to provide staff with career growth opportunities. This is considered the optimal approach to address critical staffing needs in an increasingly competitive market for great talent.

##### **Measure**

Implement initiatives that create a workplace that attracts, retains, and develops exceptional talent

#### **ELG2 – Foster a culture of exceptional performance, open communication, and employee engagement**

To be effective, staff need to clearly understand their roles and relevant expectations, to have access to the information and tools to perform their jobs effectively, and to be motivated to perform at the required level. NLC will strive to create an environment which promotes clear, consistent two-way communication. Staff feedback and engagement via various forums such as surveys and focus groups will give staff the opportunity to help shape their work, work environment, and professional development, thereby giving them a real sense of influence, involvement, and commitment.

**Objective EL&G 3 – Ensure a safe, healthy, and respectful workplace**

Unhealthy workplaces are costly – either through absenteeism or the underutilization of employee skills and capabilities. A safe workplace, one free of physical dangers and distress provide staff with the minimum conditions necessary to perform to the best of their abilities. Creating such a workplace is a responsibility that must be shared by all employees at

all levels. NLC will take a progressive approach to creating a workplace that minimizes risks to employee health while promoting personal and corporate success.

**Measure**

NLC will implement initiatives that create a safe work environment and enable staff to actively contribute to the best of their abilities

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
ELG 1.1 Employee Survey Scores	70%	Develop and conduct employee survey Collaborate and consult regularly with union officials Implement initiatives to promote 2-way communication between management and staff	75%
ELG 1.2 Training Time per Employee (FTE)	14 hours	Allocate budget for staff education Establish departmental succession plans for key positions Establish minimum performance standards and provide training to ensure staff have appropriate training to be successful Complete ACHIEVE Performance Planning and Coaching Program for all staff	21 hours

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
ELG 2.1 Employees with a Completed Performance Plan (ACHIEVE)	95%	Implement Performance Management process Report regularly on corporate and employee performance Train staff and managers in the performance management process	95%

Indicators	Target 2011-12	Initiatives 2011-12	Target 2013-14
ELG 3.1 Sick Leave Usage (days per year)	9.0	Establish a position dedicated to implementing a disability/attendance management program Report sick leave usage regularly – track key drivers of absence Conduct safety audits Conduct regular OH&S Committee meetings Implement a comprehensive OH&S program	8.5

# Appendix I – Business Planning Participants

## Board of Directors

- Glenn Tobin (Chair)
- Agnes Richard (Vice Chair)
- Cheryl Stagg
- Jim Roche
- Terry Paddon
- Darren Colbourne
- Steve Winter

## Executive Management Team

- Steve Winter - President & CEO
- Sharon Sparkes - Senior VP & CFO
- David Frew - VP Human Resources & Corporate Administration
- Laura Eagen - Chief Information Officer
- Rob Simms - VP Sales & Marketing
- Wally Dicks - VP Supply Chain Management

## Business Planning Working Group

### Members

- Andrew Vavasour, Controller
- Abe Pike, Manager - Product Supply
- Bill Neville, Architect - PMO Manager (IT)
- Christine Phillips, Manager - Organizational Effectiveness
- Darrin Croft, Manager - Continuous Improvement
- Dana Smallwood, Director - Enterprise Risk Management
- Derek Button, Director - Facilities Management & Administration

- Doyle Lewis, Manager - Express Service Centre
- Elizabeth Evans, Manager - Records Management
- Greg Eddy, Manager - Human Resources
- Greg Gill, Manager - Marketing & Communications
- Kevin Kelly, Director - Store Operations
- Mike Hawco, Director - Manufacturing Operations
- Peter Murphy, Director - Merchandising
- Pierre LeGresley, Manager - Regulatory Compliance
- Rob Kieley, Manager - Product Supply
- Ron Murphy, Manager - Store Operations
- Tracy Lewis, Manager - Health, Safety & Employee Wellness

## Employee Focus Group

- AJ Marshall - Liquor Sales Clerk
- Craig Hapgood - Liquor Establishment Inspector
- Diane King - Accounting Clerk II
- Donnie McGrath - HR Consultant-Benefits
- Gillian Connors - Liquor Sales Clerk
- Grant Horan - Trades Worker I
- Harry Tippett - Warehouseperson
- John Walsh - Liquor Sales Clerk
- Keith Percy - Liquor Sales Clerk
- Mark Fahey - IT Project Lead
- Mike Sullivan - Liquor Sales Clerk
- Patricia Arns - Liquor Sales Clerk
- Rebecca Cummings - Liquor Sales Clerk
- Ross Tarrant - Warehouseperson
- Steven Gullage - Liquor Sales Clerk



# Appendix II – NLC’s Balanced Scorecard

The Balanced Scorecard is a proven performance management system being adopted by NLC. It is particularly effective because it leads an organization to identify those areas that it feels will drive the success of the organization going forward and is an excellent tool to communicate corporate, departmental, and individual initiatives and performance measures.

One of the tools used in the Balanced Scorecard is a Strategy Map – this “map” is an illustration of the key objectives (or “focus areas”) that are thought to be critical to the Corporation's success. Anyone viewing an organization's Strategy Map would see exactly how the organization intends to achieve success – for employees, this should make it easier to understand why various initiatives are being implemented and how they build on one another to drive corporate success. In fact, all employees should be able to see how their individual job responsibilities add value to their department's objectives, and how their department's objectives contribute to NLC's overall success. When employees understand the expectations placed on them and their department, then there is a much greater likelihood of the Corporation's strategy actually being executed and its objectives being achieved.

The Balanced Scorecard is considered “balanced” because it encourages the organization to look at key

success drivers from four perspectives, not just a single perspective. With the Balanced Scorecard, organizations look to identify key performance drivers in finance, customer service, internal business processes and employee learning and growth.

- Financial Performance – if NLC is successful, what does this look like, financially, to our shareholders (ie: government)?
- Customer – to achieve our Vision, what must we provide to our customer?
- Internal Processes – to meet the expectations of our shareholder and customers, at what business processes must we excel?
- Employee Learning and Growth – to achieve our Vision, how do we sustain our ability to change and improve; to enable employees to be successful in their roles?

NLC's Strategy Map contains 12 objectives which are all defined. Each of these objectives also has key performance measures attached to it – these measures help us to gauge our success in achieving the objective. These objectives outline the key drivers of NLC's future success. Going forward, corporate and departmental initiatives will be designed to support the achievement of these objectives as will individual job responsibilities and expectations.