

State of Alabama Alcoholic Beverage Control Board



Wholesale/Retail Systems Analysis and Design Project Current Environment Report

**Deliverable 1: Document Existing Processes, and
Deliverable 2: Document Existing Systems**

May 23, 2014

Prepared for:
Alabama Alcoholic Beverage Control Board
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Version	Date	Description
v.1	9/10/2013	Delivered to the AABC Project Manager
v.2	10/5/2013	Updated and re-submitted with a DAF to the AABC Project Manager
v.3	10/31/2013	Updated and submitted to AABC's Project Manager
v.4	11/14/2013	Updated based on AABC IT and Accounting office feedback and submitted to AABC's Project Manager
v.5	1/3/2014	Additional Licensing updates and Existing Systems revisions.
v.6	5/23/2014	Updated Licensee Disciplinary Action to address e-Citation system and updates to Administer RVP process. Miscellaneous process amendments throughout.

Figure 1: Version History

1.0 Project Overview

This section of the report describes the report format and the background of the project.

1.1 Report Format

This report is comprised of three major sections, described below:

1. **Project Overview.** This section of the report describes the report format and the background of the project.
2. **Business Processes.** This section of the report provides a high-level description of the business processes of the Alabama Alcoholic Beverage Control Board (AABC).
3. **System Environment Description.** This section of the report describes the current architecture associated with each of the AABC's systems.

1.2 Project Background

This project is known as the Wholesale/Retail System Analysis and Design project. The AABC owns and operates 173 retail and wholesale locations that currently utilize customized systems, many of which have not been substantially upgraded for nearly two decades. The current operational environment does not utilize mainstream technology platforms, and system integration with other core state systems has generally not been automated. As a result, the AABC has challenges related to system integration that frequently and negatively impact operational efficiency.

The AABC's retail operations use Microsoft Dynamics NAVision and a point-of-sale (POS) system operating on NCR hardware, the MS-Windows XP operating system, and SAP POS software. Upgrades of the back office software were performed between June and August 2013. The AABC has wholesale, retail, and POS systems that are highly customized and tailored to the business processes that the organization has long relied on, leading to a technical environment that is considered inflexible and unable to take full advantage of newer technologies.

An over-arching concern for the AABC is that the organization is not as operationally efficient as its private sector counterparts. With privatization of liquor operations becoming a reality in the state of Washington and the constant threat of privatization in Alabama, Pennsylvania, and elsewhere in the control state community, it is critical for the AABC to demonstrate that its retail and wholesale operation can match the value provided by the private sector. The AABC has emphasized that this engagement is designed not only to reduce reliance on obsolete technologies but also to prepare for adoption of future technologies that may not be understood, available, or anticipated. The ultimate goal for this project is to prepare and plan

for a technical environment that keeps pace with the private sector, while providing good customer service and a modern retail experience for AABC customers.

1.3 About the AABC

The AABC, a member of the National Alcoholic Beverage Control Association (NABCA), is a division of state government in Alabama and is also one of 18 “control” jurisdictions in the United States that regulates the sale and consumption of alcoholic beverages. While all 50 states regulate alcoholic beverages, control states are directly involved with the distribution and sale of alcoholic beverages within their borders. The control model is designed to limit consumption of alcohol and promote public health. The AABC controls alcoholic beverages through distribution, licensing, and enforcement as well as education. Their mission statement is as follows:

“The Alabama ABC Board controls alcoholic beverages through distribution, licensing, and enforcement as well as education. State and federal laws regarding youth access to tobacco are enforced and retailers and the general public are provided information relative to the laws and their consequences. The Board also operates a chain of retail stores selling the majority of liquor purchased to consumers in Alabama.”

There are approximately 173 retail and wholesale state-owned and operated stores in Alabama. There are also about 525 privately run package stores, which sell nearly 25% of in-state sold spirits. These package stores are licensed and inspected by the AABC and purchase spirits from AABC wholesale stores.

The AABC generates a substantial amount of revenue for cities, counties, and other state agencies. The AABC website notes that:

“For each retail dollar spent on the shelf price of a bottle of liquor in an AABC state store, there is a 6% sales tax added. Funds from this sale are distributed to several different accounts. This in turn reduces the tax burden on the citizens of Alabama in general; providing dollars to the State General Fund, social & medical programs through the Department of Human Resources and Department of Mental Health, education, local budgets, tax administration and regulation, and statewide law enforcement.”

The AABC operates a bailment warehouse in Montgomery. Bailment is unique to the control state world. In a bailment warehouse, liquor is stored in the custody of the control jurisdiction while it remains owned by the liquor vendor/supplier. A charge per case is typically levied on the vendor/supplier by the control jurisdiction for maintenance and storage. Once the jurisdiction determines that the case will be sold, it is designated for sale, placed on a shipping truck, and sent to stores. At that point, ownership shifts from the vendor/supplier to the jurisdiction (in this case, the AABC).

1.4 Work Performed

The overall project with BerryDunn has nine deliverables that will be provided over approximately 12 months. This report (*The Current Environment Report*) is intended to meet the objectives of Deliverables 1 and 2, as depicted below:

Project Deliverables	Included in this report?
Deliverable 1: Document Existing Processes	Yes
Deliverable 2: Document Existing Systems	Yes
Deliverable 3: Needs Analysis	No
Deliverable 4: Recommend ERP and POS Solutions	No
Deliverable 5: Business Process Re-Engineering	No
Deliverable 6: Procedures Manual	No
Deliverable 7: Requirements List	No
Deliverable 8: Implementation Plan	No
Deliverable 9: Request for Proposals	No

Table 1.1: List of Deliverables

This report documents a conceptual understanding of the major business processes that support AABC’s wholesale, retail, licensing, and POS operations, and the technical environment used to support those processes. By documenting the “as-is,” or current environment, business processes and the technical environment within which the business is conducted, a baseline has been created that will be used to assist in the development of requirements for the replacement system. The as-is process documentation serves as a foundation for communicating to prospective vendors how the processes work in today’s environment.

The business processes in this report were developed by reference to prior engagements with other control states, National Alcoholic Beverage Control Association (NABCA) material, and AABC documents provided to BerryDunn. An initial meeting was held on July 25, 2013 between staff from AABC Information Technology IT and BerryDunn to discuss an initial list of business processes. The list of processes was finalized and used in the development of this document. Between August 13, 2013 and August 21, 2013, AABC staff and BerryDunn met at AABC headquarters in Montgomery to discuss and document current high level business processes that relate to wholesale, retail, licensing, and POS operations. Narratives were developed for each process as a result of these meetings.

After interviews were completed, interview minutes were compiled into narratives, diagrams were mapped, and a list of bottlenecks, redundancies, and inefficiencies were compiled. A glossary of terms was developed and included with the report.

1.5 List of Business Processes

The following list of business processes was determined by development of an initial list prior to on-site process documentation and revision of the list during business process mapping sessions. A total of 52 business processes have been documented.

Master List of AABC Business Processes	
Business Area	Process Name
Purchasing (8 Processes)	Listing/De-List Product and Appeal De-Listing
	Store Replenishment
	Product Distribution
	Superstore Sales
	Store to Warehouse Transfer
	Product Buy-Ins
	Bottle Invoicing
	Return of Merchandise to Vendor from Warehouse
Merchandising (3 Processes)	Create Master Template
	Develop Store Layouts
	Plan Retail Displays
Warehouse/Transportation/ Distribution/Wholesale (6 Processes)	Receiving Product
	Shipping to Stores
	Ensure Adequate Stock at the Warehouse
	Process Claims for Warehouse Breakage
	Handle Special Requests from Stores (wholesale)
	Update/Transmit Product Information in BevPro/RapidRoute
Pricing (6 Processes)	Add and Categorize New Product
	Process Special Orders
	Maintain Vendor/Broker List
	Publish (or arrange for publishing) of Product Pricing
	Maintain/Print/Distribute Shelf Labels
	Military Sales

Master List of AABC Business Processes	
Business Area	Process Name
Stores – Central Office Store Operations (4 Processes)	Manage Employee Information
	Set and Update Store Hours and Locations and Districts
	Retrieve Missing Sales
	Enter and Verify Store Deposits
Stores – Individual Stores: Back Office Operations (4 Processes)	Store-to-Store Transfers at the Store
	Process Store Requests
	Conduct Physical Inventory
	Receive Inventory
Stores – Individual Stores: Cashiering POS (6 Processes)	Process Special Orders
	Process Wholesale Sales
	Process Retail Sales
	Conduct Beginning and End of Day Processes on Registers
	Collect Tax for Products Not Sold by AABC
	Process Claims for Damaged or Broken Goods
Personnel (1 Process)	Employee Time Keeping
Audit (4 Processes)	Conduct Physical Inventory of Warehouse
	Conduct Physical Inventory of Wholesalers
	Store Audit <ul style="list-style-type: none"> • Conduct physical inventory of stores • Audit cash receipts, procedures and equipment
	Audit Beer and Wine
Accounting (6 Processes)	Generate Vendor/Supplier Purchase Orders
	Reconcile Payment Cards
	Reconcile General Ledger
	Disburse Revenues
	Account for Non-Store Revenues (enforcement fees, license fees, etc.)

Master List of AABC Business Processes	
Business Area	Process Name
	Ordering Non-Liquor Supplies Through the Registers
Enforcement – Licensing (5 Processes)	License Manufacturers, Importers, Wholesalers, and Retailers, etc.
	Licensee Disciplinary Action
	Administer Responsible Vendor Program (including providing training and education)
	Approve Product Labels for Alcohol Products
	License Renewals

Table 1.2: List of Business Processes

A business process diagram will follow each business process narrative, which provides a visual depiction of the business process. The following legend explains the shapes used in each diagram:

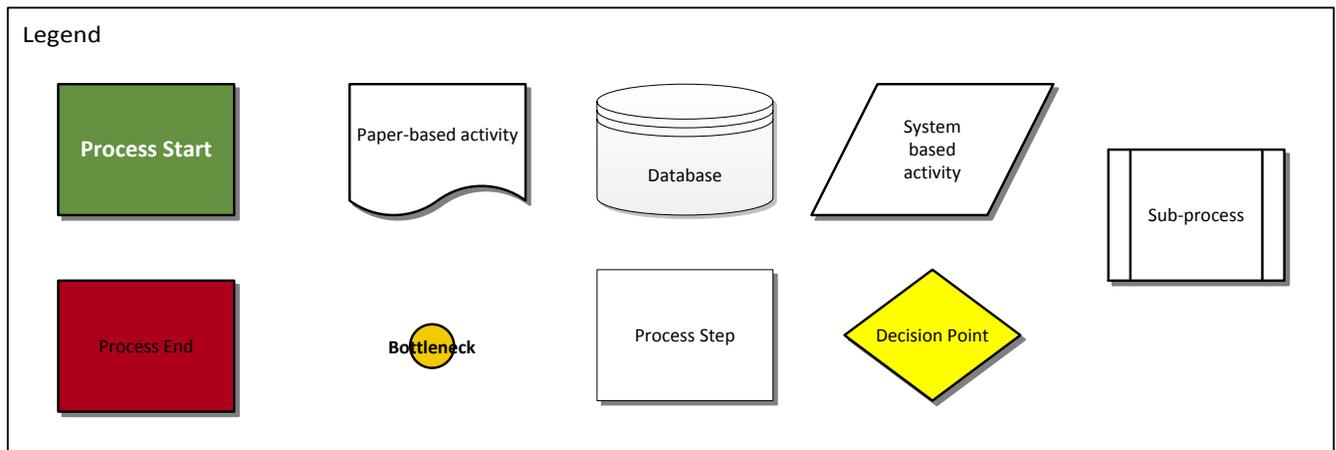


Figure 2: Diagram Legend

2.0 Existing Business Processes

This section of the report provides a written description and associated work flow diagram for each of the processes listed in Table 1.2 (List of Business Processes).

2.1 Purchasing

The Purchasing division of the AABC is responsible for managing product inventory at all retail and wholesale stores throughout the state. Purchasing is involved in the addition of new liquor to the list of products sold, overseeing the inventory transfer of product between stores and the warehouse, and selling product to certain licensees that buy directly from the AABC. Purchasing has three full-time staff who report to the Product Operations Director.

List of Purchasing Business Processes	
Process Number	Process Name
2.1.1	Listing/De-List Product and Appeal De-Listing
2.1.2	Store Replenishment
2.1.3	Product Distribution
2.1.4	Superstore Sales
2.1.5	Store to Warehouse Transfer
2.1.6	Buy-Ins
2.1.7	Bottle Invoicing
2.1.8	Return of Merchandise to Vendor from Warehouse

Table 2.1: Purchasing Business Processes

2.1.1 Listing/De-List Product and Appeal De-Listing

New liquor products that are displayed on the shelf at the AABC retail stores are added to the list of available products during bi-annual meetings with vendors. The listing event is announced by email to registered suppliers and new products are determined by a committee consisting of Product Management staff. The listing process takes about a week and results in a decision by the committee as to what products to list and what not to list. It is expected that the listing process will transfer to a quarterly one in the coming year.

The process is triggered by a scheduled listing date and an announcement to vendors via email from Product Management. Interested vendors apply for a listing hearing via a one-page

form. An initial approval to attend listing hearings is required. The products that pass this initial approval process move on to listing presentations for the committee. Once presentations take place, Purchasing determines what products will be listed and stocked on shelves. Those products that are listed provide a price quote to Product Management and a product code and warehouse location are then assigned. Store sales maintenance is updated and the product is shipped to the warehouse for distribution to stores.

An unsuccessful product listing may be appealed by the vendor. The appeals process may result in one of two scenarios: the decision stands and the product is not listed or the appeal is successful and results in a wholesale product listing. In the latter case, the product will be carried by AABC and given a code so that it may be ordered through the wholesale process, but it will not be regularly stocked on retail store shelves.

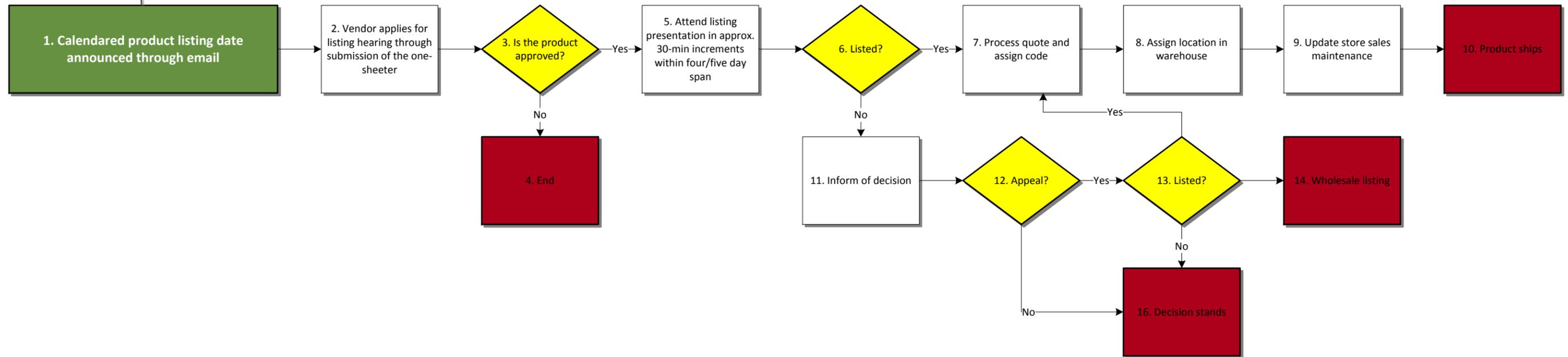
The de-listing process is triggered by an annual review of a NABCA-generated sales report from a program called Diver. The Diver system is a subscription-based data warehouse that vendors can subscribe to in order to run reports on sales and inventory of all control states in the United States. The report will show the percentage of retail sales for each product. Products that are in the bottom 3% of gross sales become the initial starting point for de-listing. When deciding which products in the bottom 3% to keep or list, factors such as absolute growth, point of distribution, negative trends, and time in stores are considered. The prior three months of sales and total sales are also reviewed. A decision is then made whether to continue listing or to de-list. If a decision is made in favor of keeping the product on the shelves, it continues. If not, the product is de-listed and the vendor is notified. The vendor then has 45 days to remove the product from the warehouse. A de-listing decision may be appealed within 30 days. If the appeal is successful, the product is re-entered into BevPro/RapidRoute (the warehouse shipping system) and product database. If no appeal is made or is unsuccessful, the decision stands.

Process Area	Process Detail
Trigger Event (Listing):	Calendar for listing
Trigger Event (De-Listing):	Annual Review of Sales
Predecessor Process:	Product Distribution (listing), Receiving Product
Successor Process:	Transfers, Product from Warehouse to Vendor, Shipping to Stores
Systems Used:	Diver, NAVision, BevPro/RapidRoute
Divisions Involved:	Purchasing, Warehouse, NABCA, BM Global
Bottlenecks, Inefficiencies, Redundancies:	<p>PG.1 The de-listing process is supposed to run concurrently with the listing process. The processes do not run concurrently however, because the appeals of de-listings can take up to 30 days.</p> <p>PG.2 In order to make a de-listing determination, information on cases sold is needed, but there is no report by case sales available.</p>

Process Area	Process Detail
	PG.3 Because there is no NAVision report for products sales by case, AABC must use the NABCA Diver system information to determine case sales by product.

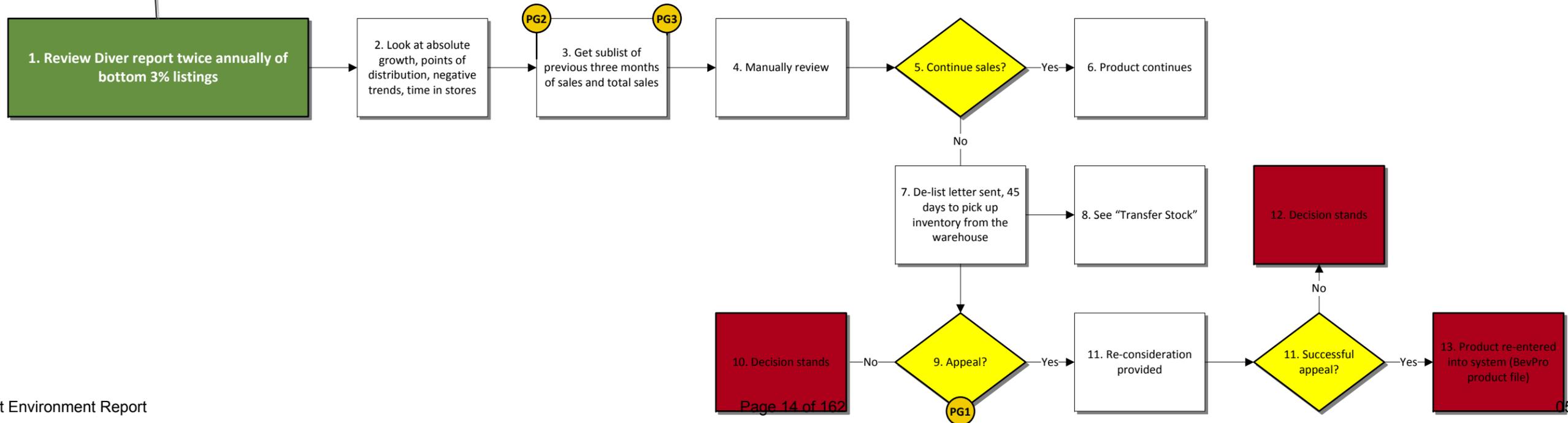
LISTING PROCESS

Trigger: Calendar for listing



DELISTING PROCESS

Trigger: Annual review of sales



2.1.2 Store Replenishment

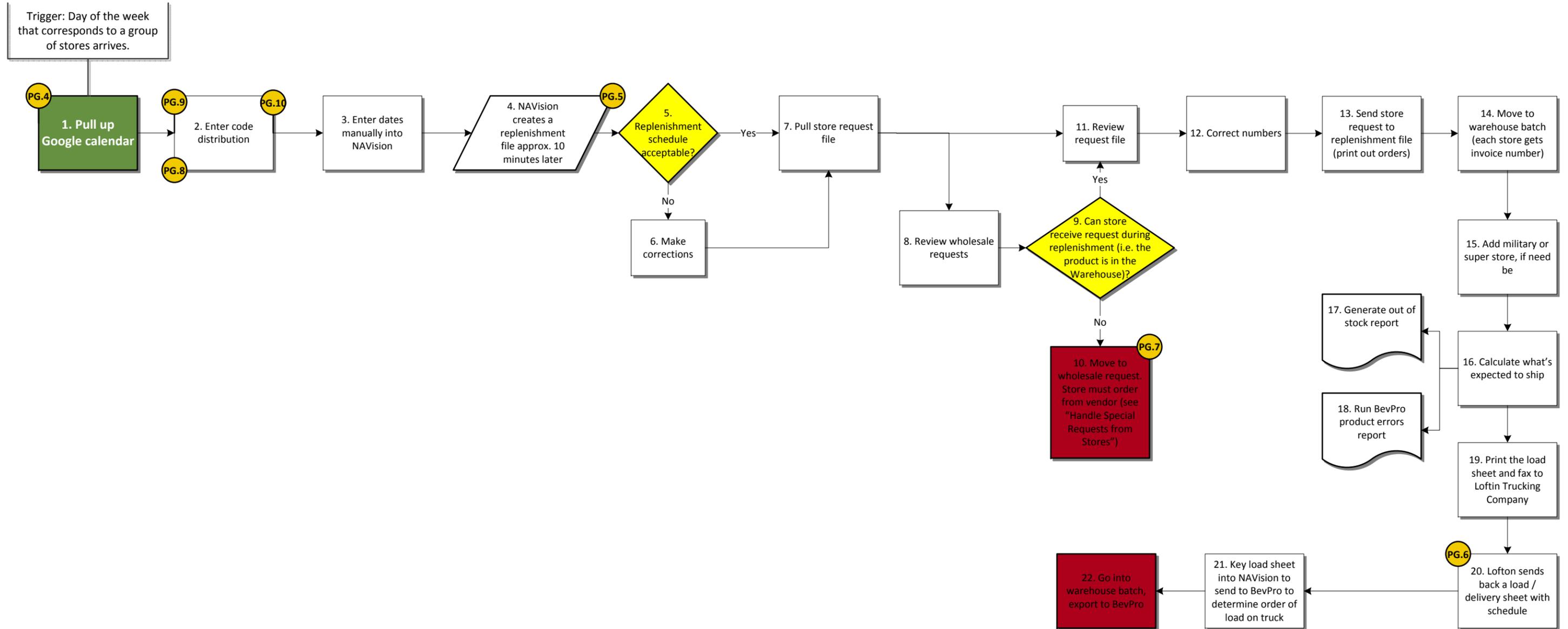
Store replenishment is the process of keeping product stocked in AABC retail stores and wholesale stores. Stores are replenished based on a selected four weeks of sales data plus the current inventory, as well as code distribution and store requests for product (such as a special request or item that may be required in greater quantities during a particular period). The process is performed daily, four days a week, and by group. Approximately 40 retail and wholesale stores are replenished each day. The AABC-contracted trucking company, Loftin Brothers, determines the route schedule for delivery of product.

The store replenishment process is triggered by the ERP system based on a number of factors such as time of year, holidays, and store needs. Replenishment is automatically calculated based on a selected four weeks' sales plus current inventory, and is then modified with AABC staff input based on store requests or special orders. The calendar is analyzed for expected truck routes and replenishment schedules, with dates of delivery, are set by AABC. Once these are entered into NAVision, the replenishment job is run, which automatically creates a replenishment file. This file is manually reviewed for accuracy, and corrections are made if necessary. The weekly store request file, or the list of product that is not automatically ordered but is ordered by stores, is reviewed manually, order amounts are modified if necessary, and the replenishment file is updated. The updated replenishment file is moved to a warehouse batch (a grouping of all shipments scheduled for store replenishment) and each store is assigned an invoice number. If an ordered product is not available in the warehouse, Purchasing must order it from the vendor before being able to ship to the store. Military or superstore orders are added after retail and wholesale orders. Shipments are calculated, and a load sheet is printed and sent via fax to the Loftin Trucking Company. Note: BevPro/RapidRoute product errors and out of stock reports are also printed at this time. Loftin will send back a load/delivery sheet with schedule. Purchasing will key this load/delivery sheet route information into NAVision to send to BevPro/RapidRoute, which will determine the order of store shipments loaded on the truck. Purchasing then goes into warehouse batch and exports to BevPro/RapidRoute.

Both wholesale and retail orders must be factored into replenishment. Products that are considered wholesale and not part of the regular retail replenishment are added to the truck as requested by the store. Purchasing/Warehouse/Wholesale will check with the warehouse to see if there is stock available. If there is, it will be added to the replenishment order.

Process Area	Process Detail
Trigger:	Day of the week that corresponds to a group of stores
Predecessor Process:	Place Product Orders
Successor Process:	Receive Inventory

Process Area	Process Detail
Systems Used:	NAVision, BevPro/RapidRoute, Excel, Google Calendar
Divisions Involved:	Purchasing
Bottlenecks, Inefficiencies, Redundancies:	<p>PG.4 Because there is no internal system to manage the replenishment schedule, Google calendar is used for scheduling which requires manual entry.</p> <p>PG.5 Accounting for changes in inventory needs based on holiday sales is difficult. Product management can use a different set of dates or can manipulate the replenishment by using Additional Factor on the scheduler.</p> <p>PG.6 Because there is no automated/online way to communicate with the trucking company, AABC has to wait for the trucking company to send back a delivery/load sheet with the route schedule so that the schedule can be entered into NAVision.</p> <p>PG.7 There is no automated process for ordering wholesale products (products that are not stocked on the shelves at AABC stores) in warehouse, when there is a replenishment need.</p> <p>PG.8 The system uses historical sales to replenish store's inventory, and therefore the system will not properly predict replenishment needs when products have been sold out for 30 days or more.</p> <p>PG.9 If there is no sales history for a product, it takes four weeks to determine how quickly to restock it.</p> <p>PG.10 There is no forecasting future needs because replenishment is based on historical sales.</p>



2.1.3 Product Distribution

Product distribution is the process of sending newly acquired liquor product to retail and wholesale stores. The process may be initiated by one of the following triggers:

- New listing
- Display request
- Extra store request
- Holiday item
- Special event
- 30 days out of stock

The process begins when Purchasing receives a request for a product in a store that is not scheduled for regular replenishment. A broker or vendor sets a distribution quantity once a representative sends the request via email. Purchasing will spot-check the request and check to see if the product is available in the warehouse. If it is, Purchasing will make an entry in NAVision and conduct the code distribution (meaning product distribution, or shipment of product to stores by group). The store replenishment process then occurs. If there is no warehouse inventory available, the vendor must be notified that a supply is needed. The process of receiving at the warehouse must then occur.

Process Area	Process Detail
Trigger:	<ul style="list-style-type: none"> • New listing • Display request • Extra store request • Holiday item • Special event • 30 days out of stock
Predecessor Process:	Listing Process
Successor Process:	Receiving Product
Systems Used:	NAVision
Divisions Involved:	Purchasing
Bottlenecks, Inefficiencies, Redundancies:	PG.11 There is no automated alert that informs AABC staff when a product is out of stock.

Retail

Wholesale:
see Store Ops – Handle Special Requests

Triggers:

- new listing,
- display request,
- extra store request,
- holiday item,
- special event or 30 days out of stock

1. Set distribution quantity from representatives/brokers, send distribution sheet via email

2. Spot check order

3. Is product in warehouse?

PG.11

5. Make entry and perform code distribution

6. Replenishment by group

4. Notify representative that distribution cannot be done because product not in warehouse (need to receive at warehouse with ASN)

2.1.4 Superstore Sales

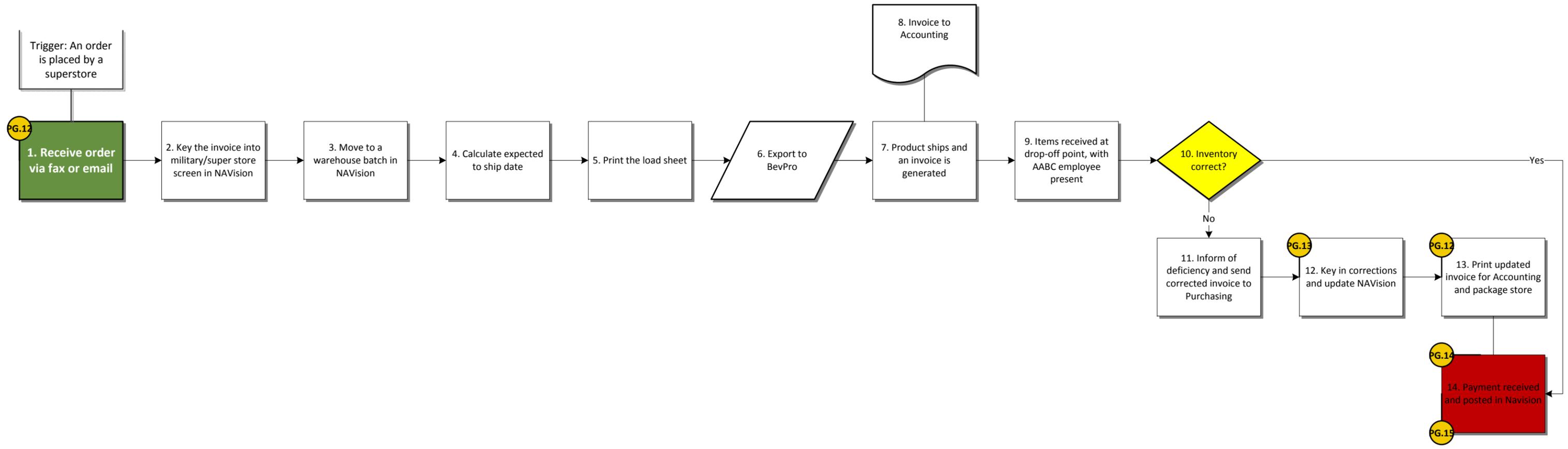
A superstore is a large licensee, such as a casino or larger package store like Wind Mill Beverages, for which a separate process of product distribution occurs. Some larger events such as Mardi Gras and other special events are also considered superstores for the purposes of ordering and shipping product. The difference is that, while most licensees purchase spirits from an AABC wholesale store, superstores receive delivery directly from the AABC warehouse.

The process begins when an order is received by Purchasing from the superstore via fax or email. The invoice is keyed into the superstore and military order screen in NAVision and is then “moved” to a warehouse batch. An expected shipment and delivery date is entered, expected shipment is calculated, and a load sheet is printed. NAVision then exports the file to BevPro/RapidRoute. The product ships on the scheduled ship date and an invoice is generated for the product, one copy of which is sent to Accounting and another of which will accompany the product on the delivery truck.

Because this is not a shipment to a retail store, an AABC representative is present at the superstore drop-off site to determine that what was ordered matches what was shipped and received. Once the AABC employee verifies that the shipment is correct, payment is received in the form of a check or payment card. The payment card payment must be provided over the phone and checks require that the date of actual delivery be printed on the check. If there is a discrepancy between what was ordered and what was received, corrections must be sent to Purchasing to create a corrected invoice for Accounting and the superstore. Corrections are keyed in NAVision and the invoice is paid.

Process Area	Process Detail
Trigger:	An order is requested by a superstore
Predecessor Process:	Special Order Process
Successor Process:	Accounting Processes
Systems Used:	NAVision, BevPro/RapidRoute, TSYS
Divisions Involved:	Purchasing, Warehouse
Bottlenecks, Inefficiencies, Redundancies:	<p>PG.12 Accounting has to manually enter total amounts from the super store invoices. Purchasing has to manually enter super store orders into NAVision, since super store orders are received by fax or email.</p> <p>PG.13 There is no automatic inventory adjustment available, when there is a discrepancy between what was ordered and what is received at package or military stores.</p> <p>PG.14 There is no accounts receivable available for super stores. The superstore may pay by cash on delivery or may pay by check. The</p>

Process Area	Process Detail
	check must be dated with the date of delivery. PG.15 Payment cards for super stores are manually entered, which sometimes results in errors, such as a double charge.



2.1.5 Store to Warehouse Transfer

Returning product to the warehouse is done periodically when product not requested is received by a store or if product arrives broken, defective, or damaged. Product may be returned for the following reasons:

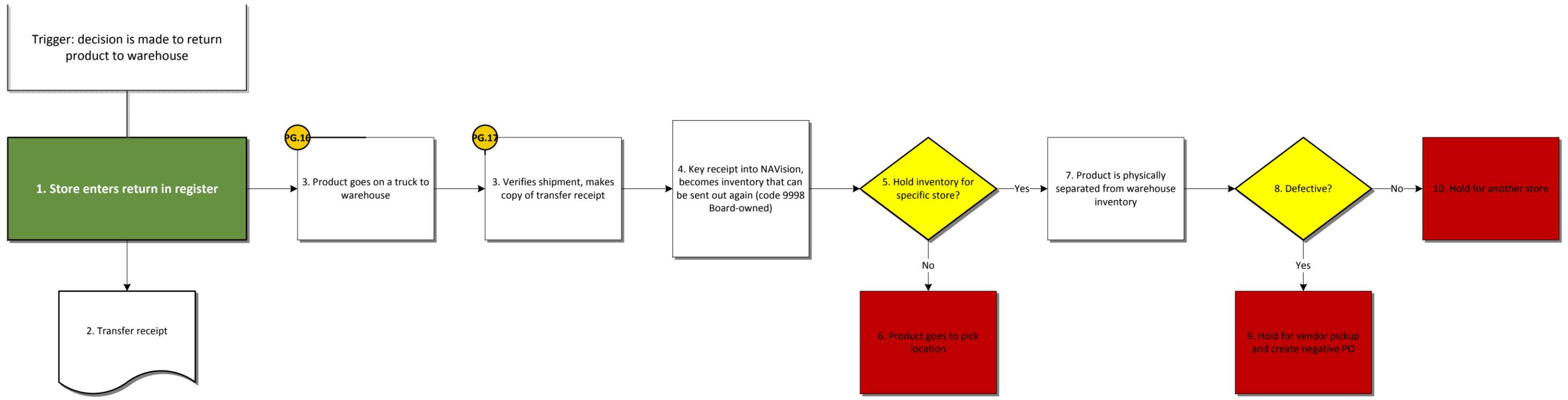
- There is a special event and more product is needed in the warehouse to fulfill it.
- The product is not selling in a certain location.
- Broker has concern about defective merchandise.
- The product was mis-keyed/mis-shipped.

A key consideration is that when product is returned to the warehouse and is still usable by the AABC, it is Board-owned stock (i.e., owned by the AABC) and not bailment stock. Board-owned stock must be shipped first, as it has an impact on cash flow.

The process begins with store personnel keying a warehouse return in the store register. A transfer receipt is printed and sent in an envelope taped to the product. The product is then shipped back to the warehouse and received by that division. The warehouse clerk verifies that the product returned matches what is listed on the receipt, and makes a copy of the transfer receipt. The product is keyed into NAVision as Board owned stock (code 9998).

Some product that is returned to the warehouse is sent as a store-to-store transfer. If the product is returned and not meant for another store, it is returned to the general picking area. If it is meant to be transferred to another store, it is physically separated from warehouse inventory and kept in an area where store-to-store transfers are organized by store group. If the product is defective, a negative PO is created and the product is held aside for vendor pickup. If not defective, it is held pending transfer to another store and the process ends.

Process Area	Process Detail
Trigger:	It is determined that a product must be returned to the warehouse
Predecessor Process:	Store-to-Store Transfers
Successor Process:	Claims for Defective Product
Systems Used:	NAVision
Divisions Involved:	Purchasing, Warehouse, Stores, Trucking
Bottlenecks, Inefficiencies, Redundancies:	<p>PG.16 There is a delay in shipping product back to the warehouse due to the need to wait for next truck to arrive.</p> <p>PG.17 There is a delay in shipment verification because the bottle room has to manually verify and enter the return.</p>

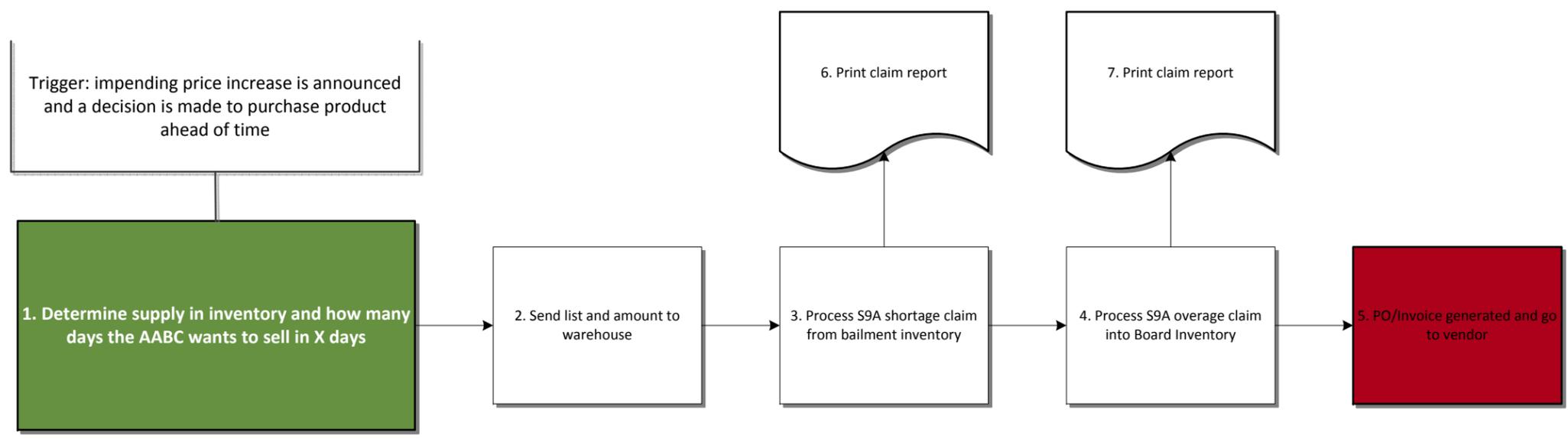


2.1.6 Product Buy-Ins

From time to time, the AABC purchases bailment stock before a pending price increase (usually an increase deemed significant enough by Product Management). The product will remain in the warehouse and become AABC-owned, pending replenishment for stores or licensees.

The process begins by Product Management staff determining how much product can be sold in a set number of days. The list of what to purchase is sent to the warehouse, and two claims are made to bring the stock into AABC-owned inventory: a shortage claim and an overage claim, both using the form S9A. A copy of both claims is printed. This is shown as a claim on the PO/invoice that goes to the vendor.

Process Area	Process Detail
Trigger:	Impending price increase is announced and a decision is made to purchase product ahead of time
Predecessor Process:	Process price change
Successor Process:	Replenishment of Stores, Shipping
Systems Used:	NAVision, Excel Sheet with formulas
Divisions Involved:	Purchasing, Warehouse, Supplier
Bottlenecks, Inefficiencies, Redundancies:	None, although vendors are often surprised when a claim for a lot of product is suddenly generated because they are not aware a buy-in occurred.

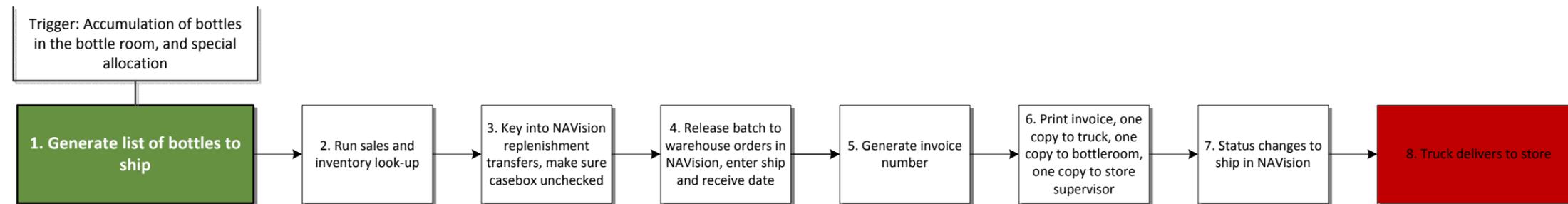


2.1.7 Bottle Invoicing

In the warehouse, a number of bottles are broken due to staff error, as well as arriving broken on trucks from the vendor. If any bottles broke while in transit, they are returned to the vendor. Salable bottles remain in the warehouse as bailment, or vendor-owned, product, kept in the warehouse bottle room. When enough bottles are accumulated to create a case, a purchase of the product can be made and shipped to stores (sometimes, less than a case is sent to a store). The accumulated bottles are designated for stores as a special allocation rather than part of a routine replenishment.

The process begins when enough bottles have accumulated to ship to stores. A list of bottles to ship is generated, as well as a sales and inventory lookup to determine what store to send to and how much. The warehouse keys replenishment transfers into NAVision and makes sure that the “case box” is unchecked. A warehouse batch is created in NAVision and ship and receive dates are entered, generating an invoice number. Three copies of the invoice are generated: one for the truck, one for the bottle room, and one for the warehouse supervisor. The product status changes to “ship” in NAVision and the product is shipped to the store. BevPro/RapidRoute is not involved in the process of bottle invoicing.

Process Area	Process Detail
Trigger:	Accumulation of bottles in the bottle room, and special allocation
Predecessor Process:	Process Claims for Warehouse Breakage
Successor Process:	Receive Inventory
Systems Used:	NAVision
Divisions Involved:	Warehouse, Stores
Bottlenecks, Inefficiencies, Redundancies:	None



2.1.8 Return of Merchandise to Vendor from Warehouse

Product may be returned to a vendor at either the request of the vendor or the AABC. The vendor may determine that the product is needed in another state, or the AABC may determine that too much product was delivered or that what was delivered has spoiled. The process begins with the determination that product must be returned to the vendor.

The next steps in the process depend on whether the product is bailment or AABC-owned product.

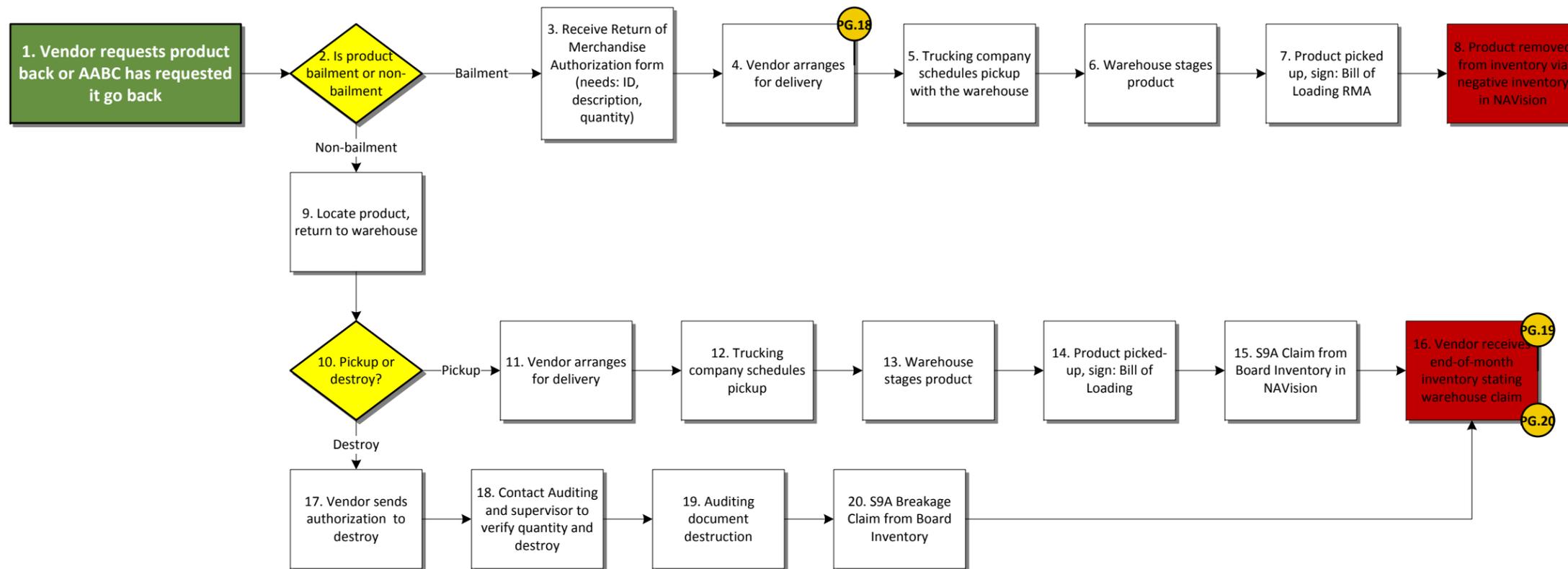
If the product is vendor-owned (bailment), a Return of Merchandise Authorization Form must be completed by the vendor and received by the AABC. Once the form is delivered, the vendor arranges delivery, and the trucking company schedules a pickup from the warehouse. The warehouse stages the product and the product is picked up once a Return of Merchandise Authorization/Bill of Lading is signed. The product is then removed from inventory in NAVision, marking the end of the process for bailment product.

If the product is AABC-owned (non-bailment), it must be located and returned to the warehouse. If the product is being destroyed due to spoilage or defect, the vendor sends an authorization to destroy the product. The Audit division is contacted and a supervisor verifies the quantity before the product is destroyed. Audit then documents the destruction and completes an S9A Breakage Claim from Board Inventory form, which is processed in NAVision by warehouse personnel. The vendor then receives an end-of-month inventory stating the warehouse claim, marking an end to the process.

For AABC-owned product that is to be picked up, the vendor will arrange for delivery. The trucking company schedules a pickup, and the warehouse stages the product. Once the product is picked up, the Bill of Lading must be signed. An S9A claim is completed, reducing AABC-owned inventory in NAVision. Finally, the vendor receives an end-of-month inventory stating the warehouse claim, marking the end of the process for non-bailment products for pick-up.

Process Area	Process Detail
Trigger:	1. Vendor requests product back 2. AABC has requested that product go back
Predecessor Process:	None
Successor Process:	None
Systems Used:	NAVision, Outlook, Fax
Divisions that are Involved:	Warehouse, Product, Audit, Vendor, Trucking, Stores, Accounting
Bottlenecks, Inefficiencies, Redundancies:	PG.18 There are delays in product pick up due to communications between the vendor and AABC.

Process Area	Process Detail
	<p>PG.19 A vendor cannot look at a claim and see that it is a return. There is no descriptive classification in warehouse claims stating why product is returned.</p> <p>PG.20 There is no 9998 (AABC-owned product) code on the invoice.</p>



2.2 Merchandising

The Merchandising division coordinates all merchandising efforts in AABC retail and wholesale outlets, including shelf settings and display locations in the stores. Merchandising is responsible for generating store layouts, planograms, and placement of product in stores, and works in partnership with certain vendors/suppliers to arrange the layout of existing and new product for stores. Merchandising has one dedicated full-time staff and reports to the Product Operations Director.

List of Merchandising Business Processes	
Process Number	Process Name
2.2.1	Create Master Template
2.2.2	Develop Store Layouts
2.2.3	Plan Retail Displays

Table 2.2: Merchandising Business Processes

2.2.1 Create Master Template

AABC retail stores are organized by product templates and planograms. The template for each store drives the arrangement of each planogram, which is a layout of specific liquor product in a product area. Each retail store at AABC has a master template for arrangement of product in the store, which includes 13 product categories (gin, vodka, whiskey, etc.).

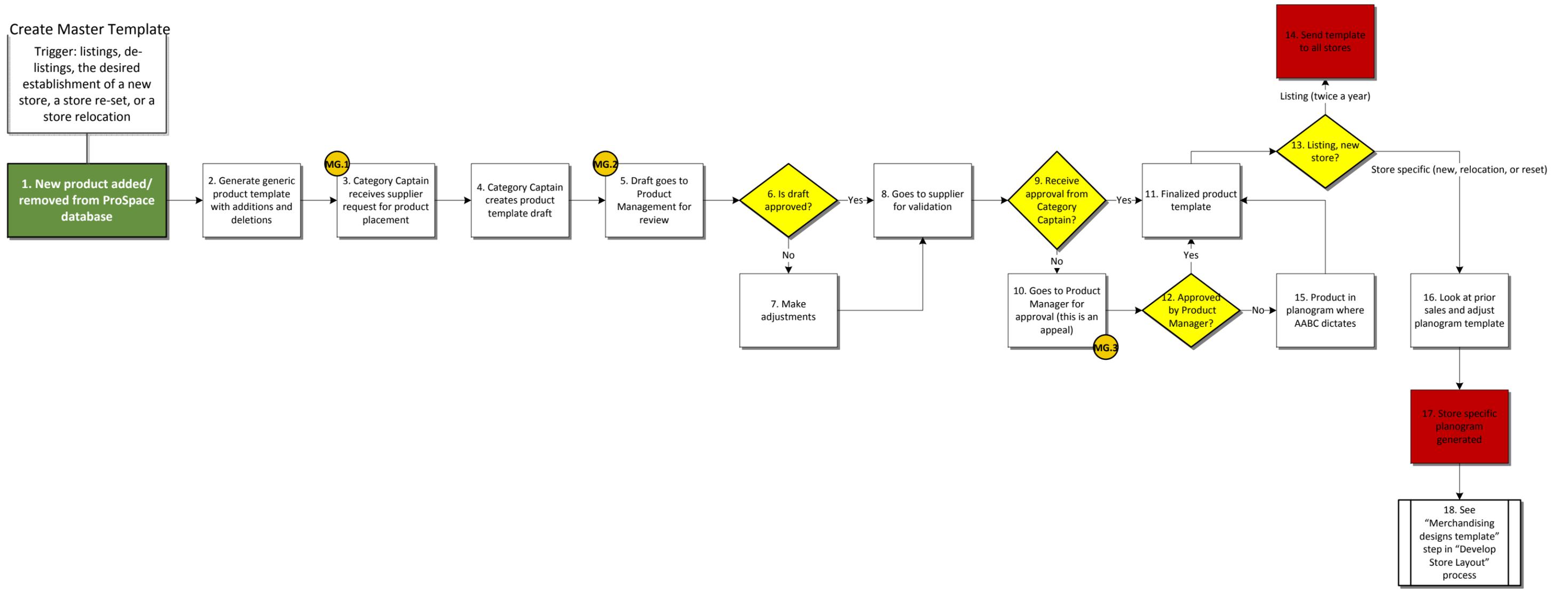
The process of creating the master template is triggered by one of a number of occasions: listings, de-listings, desired establishment of a new store, store reset, or store relocation. First, a new product is either added or removed from the ProSpace (planogram software) database. This generates a generic product template that factors in the additions and deletions of product. The vendor/supplier whose product is being listed sends a request to the AABC Category Captain (or appropriate vendor/supplier designee who helps oversee product placement).

The Category Captain creates a product template draft, based in part upon the request, which goes to all industry (vendors/suppliers for whom product is listed at the AABC) for validation and review. If the product template is not approved, adjustments are made to create a template that is as satisfactory to industry as possible without compromising the integrity of the set or the benefit to the state. Once approved by the Category Captain, the draft goes to Product Management for final approval. If Product Management approves it, the product template is finalized. If not, there is an appeal process with Product Management. The product in the planogram will ultimately be placed where AABC determines.

Once product templates are finalized, a series of successor steps occur. If there is a new product listing, the template is sent to all stores. If there is a new store opening, prior sales for

each product are reviewed and the store planogram template is adjusted accordingly. Then a planogram is generated specifically for the store that is opening. The process then continues as part of the “Develop Store Layout” process.

Process Area	Process Detail
Trigger:	Listing/de-listing, new store, store reset, store relocation
Predecessor Process:	None
Successor Process:	None
Systems Used:	ProSpace, Diver, Nielsen, Spectra, Excel, NAVision
Divisions Involved:	Product Management, Category Captain, Supplier, Brokers
Bottlenecks, Inefficiencies, Redundancies:	<p>MG.1 Some suppliers do not submit requests for product placement because it is optional, and there is no deadline, so the process is delayed.</p> <p>MG.2 There is no deadline for Product Management review and approval of the template draft.</p> <p>MG.3 There is no deadline on approval of template during the appeals process, which can cause delays.</p>



2.2.2 Develop Store Layouts

A store layout will be developed or modified when a new store is approved, a store relocates, or a store is reset. Store resets occur for events such as football season (in the cities of Auburn and Tuscaloosa), spring (for beach area stores), or the holiday season. Store resets also occur based on the length of time since the store’s last re-set, or based on a store request.

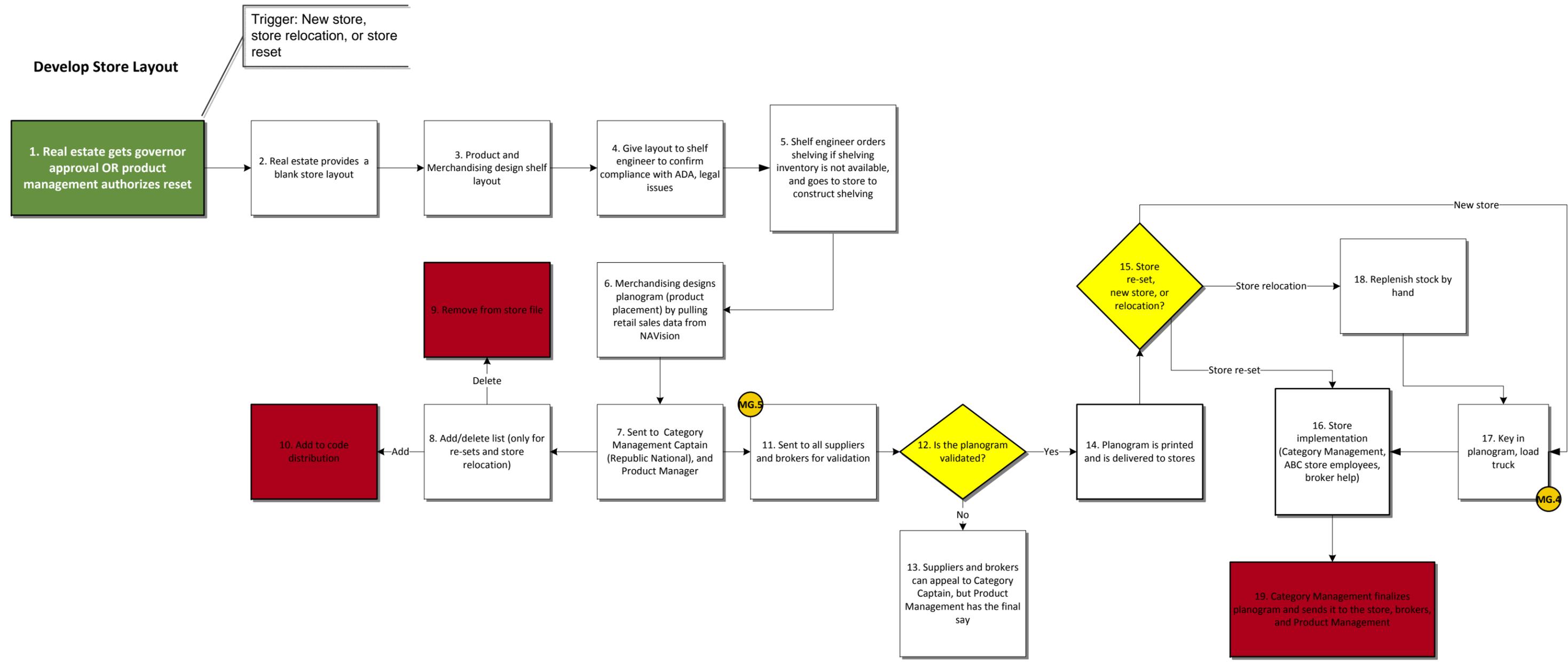
The AABC Real Estate office must get the approval of the governor to open a new location. Once Real Estate gets the governor’s approval, or when Product Management authorizes a store reset, the Real Estate office creates a blank store product layout. Then, Product Management and Merchandising design a shelf layout for that store. The layout is given to a shelf engineer to confirm compliance with specifications such as Americans with Disability Act (ADA). At this point, various parallel processes begin.

It must be determined if enough shelving inventory is available to supply a new or relocated store. If not, shelving must be ordered. Once shelving is available, the shelf engineer goes to the store to construct the shelving. Concurrently, Merchandising designs a planogram (for product placement) by pulling retail sales data from NAVision. This planogram is sent to the Category Captain and Product Management for approval. For store re-sets and store relocation, Product Management will take a product add/delete list and either remove or add product to store files (code product distribution). The Category Captain and Product Management also send the planogram to all suppliers and brokers for their approval. Suppliers and brokers can appeal a planogram to the Category Captain and Product Management, who have the final say in its approval. If the planogram layout is validated, the planogram goes to print and is used in the stores to place product.

The next step in the process depends on whether there is a store reset, new store, or relocation. For a reset, Category Management, AABC store employees, and brokers re-organize the store. Then, Category Management finalizes the planogram and sends it to the store, brokers, and Product Management for review. For a new store, product code quantities from the planogram are keyed in to NAVision. A truck is loaded with product before store implementation and planogram finalization. For relocation, product is replenished by hand in the new location with product from the old location before the planogram is keyed in. The truck is then loaded, the store implemented, and the planogram finalized. For all sub-processes (store re-sets, new stores, and relocations), planogram finalization and distribution marks the end of this process.

Process Area	Process Detail
Trigger:	New store, store relocation, or store reset
Predecessor Process:	For new store or store relocation: Lease Approved by the Governor
Successor Process:	Store Replenishment

Process Area	Process Detail
Systems Used:	ProSpace, NAVision, Excel
Divisions Involved:	Product, Merchandising, Stores, Real Estate, Category Captain, Brokers, IT, Enforcement
Bottlenecks, Inefficiencies, Redundancies:	<p>MG.4 For a new store, AABC employees have to manually rekey ProSpace data into NAVision to begin the replenishment process.</p> <p>MG.5 There is a delay in planogram validation, because there is a delay in receiving it from the Category Captain.</p>

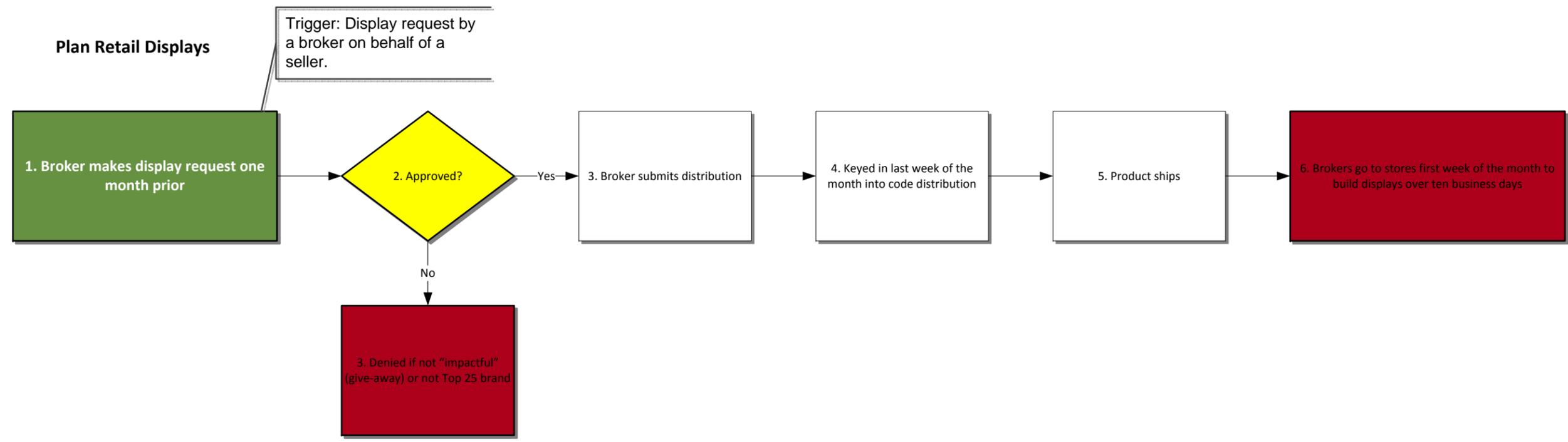


2.2.3 Plan Retail Displays

Product displays, such as cardboard cutouts, lights, or other material that calls attention to a product, are permitted in AABC retail stores but must have the approval of Product Management. Brokers will submit requests for displays on behalf of a vendor/supplier.

The process for establishing retail displays is triggered by a broker's display request on behalf of a seller. This request must be made one month in advance of the requested beginning of the display. Product Management decides if the display request shall be approved. Requests are denied if the store request is not deemed "impactful" on sales, such as including a give-away or not being a Top 25 brand. If approved, the broker submits a request for distribution. If accepted, the distribution is keyed into NAVision in the last week of the month. The product then ships from the warehouse, and brokers go to the stores at the beginning of the month to build displays over the course of 10 business days.

Process Area	Process Detail
Trigger:	Display request by a broker on behalf of a seller
Predecessor Process:	None
Successor Process:	None
Systems Used:	NAVision
Divisions Involved:	Product Management, Brokers
Bottlenecks, Inefficiencies, Redundancies:	None, although there are communications problems that make the process difficult.



2.3 Warehousing/Transportation/Distribution/Wholesale

The Warehousing/Transportation/Distribution/Wholesale Division of the AABC is responsible for operating a bailment warehouse in Montgomery. The warehouse supplies spirituous liquor directly to all 173+ AABC retail and wholesale stores in the state. Over 500 privately-owned package stores also sell liquor provided by this warehouse, but do so indirectly through purchase of liquor at an AABC wholesale store. The warehouse contracts with Loftin Brothers, which delivers product around the state. According to the 2010-2011 Annual AABC report, the warehouse ships and receives about 10,000 cases of liquor daily and maintains a 250,000-case inventory year round.

Warehousing/Transportation/Distribution/Wholesale is responsible for three distinct operations. The Warehouse receives and stores liquor product, and maintains a single physical inventory and two book inventories: AABC-owned (already purchased by the state) inventory and vendor-owned (known as “bailment”) inventory. Distribution is responsible for shipping product to stores, and Wholesale is responsible for maintaining certain liquor products referred to as “wholesale” because they are not products regularly listed in retail stores (e.g., seasonal liquor that is not in retail stores expect for certain months of the year, or a specially requested product that was ordered by a customer, is now listed by AABC, but is still not regularly stocked in retail stores). The Warehousing/Transportation/Distribution/Wholesale has approximately 30 employees.

List of Warehousing/Transportation/Distribution/Wholesale Business Processes	
Process Number	Process Name
2.3.1	Receiving Product
2.3.2	Shipping to Stores
2.3.3	Ensure Adequate Stock at the Warehouse
2.3.4	Process Claims for Warehouse Breakage
2.3.5	Handle Special Requests from Stores (wholesale)
2.3.6	Update/Transmit Product Information for BevPro/RapidRoute (warehouse management system)

Table 2.3: Warehousing/Transportation/Distribution/Wholesale Business Processes

A new wholesale online ordering system was launched in August 2012. This system allows licensees to order product via an internet application. The order is sent to the store for fulfillment.

2.3.1 Receiving Product

The process allows warehouse staff to receive and track all product inventory. There are two types of product received in the warehouse: retail and wholesale. Retail product is replenished automatically or on a regular schedule, as it is regularly sold merchandise stocked on AABC store shelves. Wholesale product is not regularly carried in stores, but may be carried in package stores, restaurants, and bars. Wholesale product is ordered on an as-needed basis.

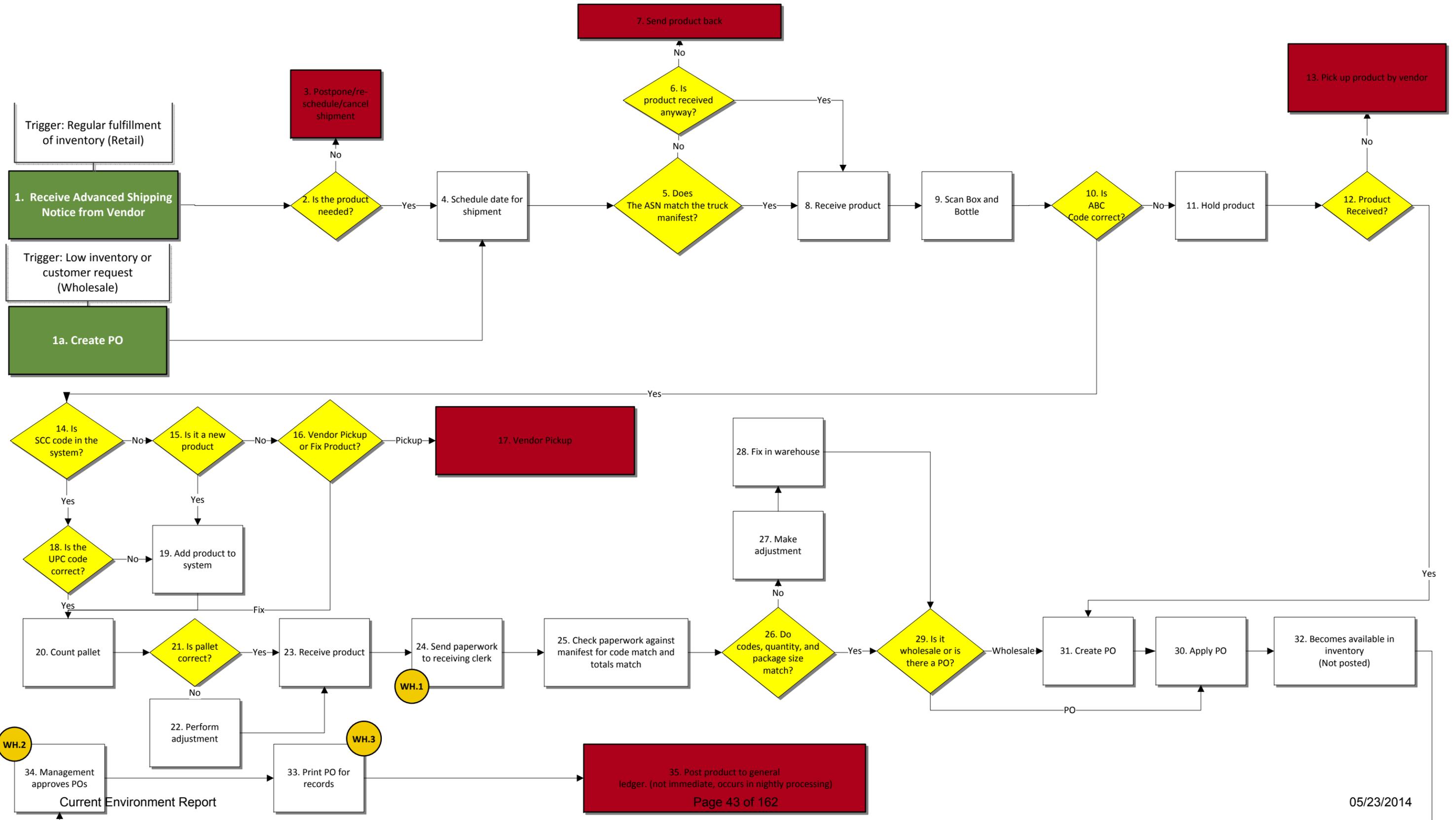
When receiving retail product, the process is triggered by the warehouse receipt of an advanced shipment notice (ASN) from a vendor. When the ASN is received, the product is checked to ensure that it is currently needed. During the Christmas season, 45 days of inventory based on historical sales are maintained in the warehouse. During the rest of the year, 30 days of historical sales are maintained in the warehouse. If the product is not needed at the time of the ASN, the shipment date is postponed or rescheduled with the vendor. If the product is needed, a date is scheduled with the vendor for shipment of the product. The shipment arrives at the warehouse and the ASN is compared with the truck manifest. If the ASN and manifest do not match, a decision is made whether or not to receive the product and any unnecessary product is sent back to the vendor.

Product is scanned in at the warehouse using a handheld scanner. The AABC Code, Shipping Container Code (SCC), and the Universal Product Code (UPC) are all verified. If the AABC Code is incorrect, the product is held by AABC until a decision can be made to receive or refuse the product. If the product is refused, the vendor will retrieve it. If the product is received, a PO is created for the product and it becomes available in inventory.

If the SCC is not in the system for any product being received, there are two options. If it is a new product, it is added to the system. If it is not a new product, the vendor must either correct the SCC or pick the product up. If the UPC is not in the system for any product, it is added to the system.

After all codes are verified, the pallet is counted. If the number of cases per pallet is incorrect in the system, this will cause an overage or shortage in the number of cases received. In this case, an adjustment is performed. Product is then received and paperwork is sent to the receiving clerk. The paperwork is checked against the truck manifest for code and totals match. If the codes, quantity, and package size do not match, the adjustment is made and fixed in the warehouse. If there is no PO for the shipment, a PO is created and applied to the product. If there is already a PO created, it is applied to the shipment. All applied POs are then printed for warehouse records and kept in paper form. The product is available as inventory after the PO is created but is not yet posted. The product is then approved by management and posted to the GL. Posting to the GL is updated as a nightly process and therefore does not occur immediately.

Process Area	Process Detail
Trigger:	Receive advance shipping notice
Predecessor Process:	Warehouse – Ensure Adequate Stock
Successor Process:	Warehouse – Shipping to Stores
Systems Used:	Management of Receiving Schedule is Paper
Divisions Involved:	Warehouse, Product Management, NAVision
Bottlenecks, Inefficiencies, Redundancies:	<p>WH.1 The warehouse staff manually re-writes all product codes and quantities of product received on each truck for record keeping purposes.</p> <p>WH.2 The Audit division’s approval process is currently perfunctory (i.e. they serve only as a “rubber stamp” for this process).</p> <p>WH.3 POs are only available in the system for record keeping for two years, and truck invoices are kept for six months. The system retention period is not adequate; therefore, AABC maintains paper based records for all POs.</p>



2.3.2 Shipping to Stores

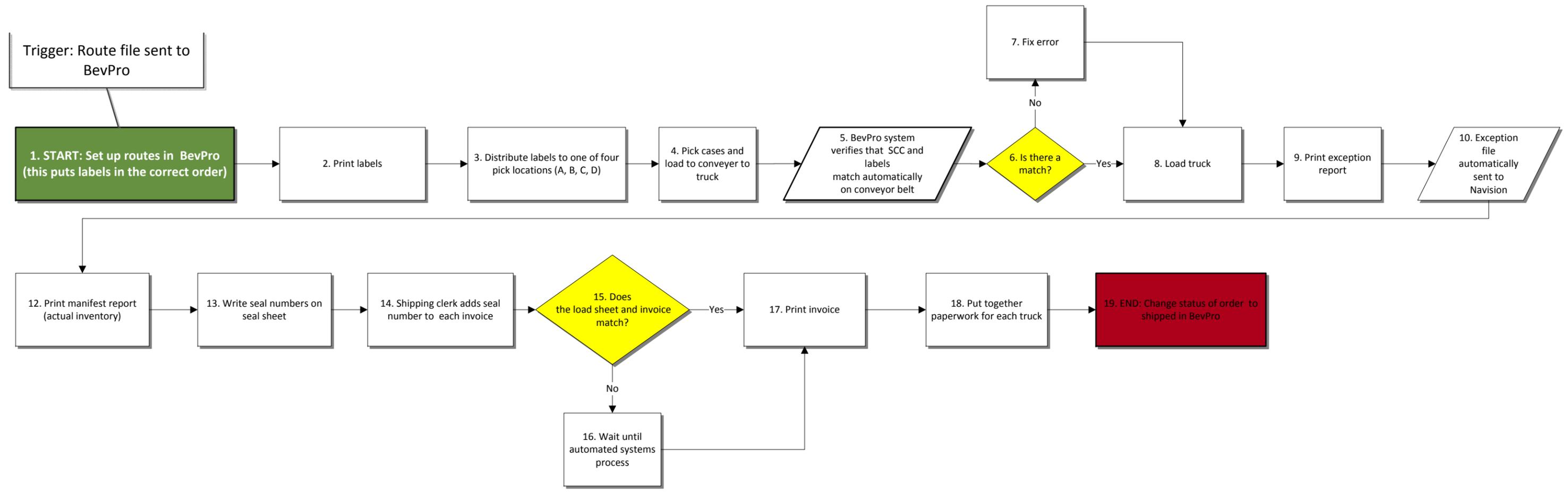
The process of shipping from the warehouse is triggered by the route file being sent to BevPro/RapidRoute from NAVision. The route file indicates stores and the order in which they receive the product. BevPro/RapidRoute identifies store invoices as “waves.” A wave can include up to 300 cases to one store location. Multiple waves are loaded onto one truck, but are organized in order of store location for delivery. Two trucks are loaded at a time.

When the route file is received, the routes are set up in BevPro/RapidRoute. Setting up routes ensures that shipping labels are created in the correct order. Once the routes are set up, labels are printed and distributed to one of four pick-up locations (designated A, B, C, or D). Cases are picked and loaded to the conveyor. The product’s SCC and label are matched by a barcode scanner on the conveyor before being put on one of two trucks.

If the label matches the SCC, the product is loaded on the truck. If the SCC and the shipping label do not match, the error is fixed by either printing a new label or returning the product to the warehouse to be re-picked. An exception report of any variance between the products that were ordered and the products that were actually loaded on the truck is printed and an exception file is automatically sent to NAVision. The manifest (which shows the actual inventory on the truck) is printed as well.

After being loaded, each truck is sealed and the seal numbers assigned to the truck are written on the seal sheet. Seal sheets are given to the shipping clerk, who adds them to the invoice in NAVision. The shipping clerk then matches the load sheet and invoice. If the two sheets do not match, the shipping clerk waits until the automated system process, load sheet, and invoice match. Once they match, the invoice is printed and the paperwork is put together for each truck. The order status is changed to “shipped” in NAVision.

Process Area	Process Detail
Trigger:	Route file sent to BevPro/RapidRoute
Predecessor Process:	Warehouse – Receiving Product
Successor Process:	Stores - Receive Product
Systems Used:	NAVision, BevPro/RapidRoute
Divisions Involved:	Warehouse
Bottlenecks, Inefficiencies, Redundancies:	None identified



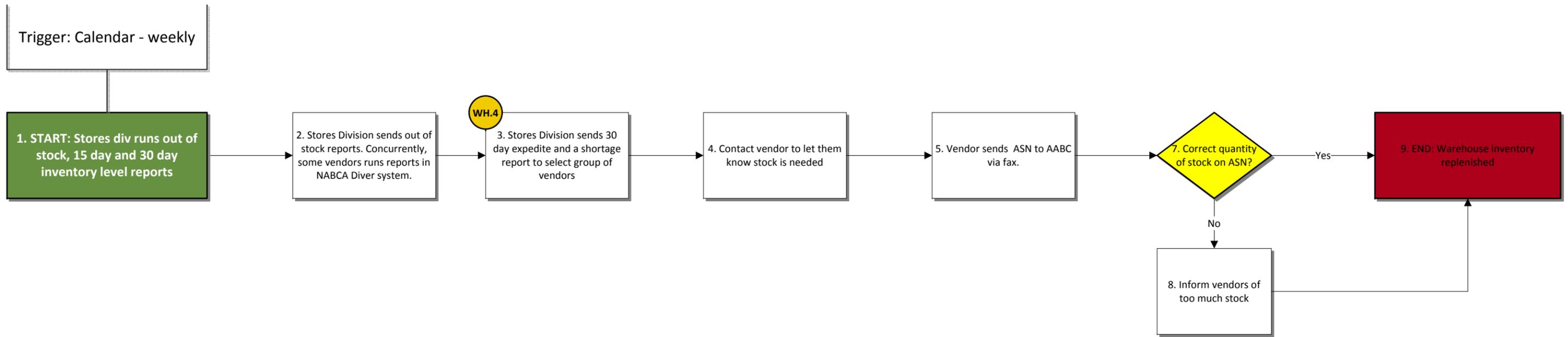
2.3.3 Ensure Adequate Stock at the Warehouse

Ensuring adequate warehouse stock is the continual process of maintaining inventory sufficient for store replenishment. The process entails communicating to vendors when inventory is too low or too high. Inventory levels for each product are set by Product Management on a quarterly basis.

This process is triggered by the weekly store replenishment calendar. An out-of-stock report is sent to all vendors when their product is fully depleted. Vendors whose product has less than 30 days left in inventory are sent a 30-day expedite list. The Stores division will then contact vendors to let them know if additional stock is needed. The vendors will send an Advanced Shipping Notification (ASN) to the AABC, which informs AABC how much product will be shipped. AABC will review the ASN to determine if the schedule shipping amount is excessive. If so, vendors are notified in order to make adjustments to their shipment.

AABC is working with NABCA to put the warehouse online so that vendors can see the reports at any time effective September 1, 2013. Vendors also have the ability to run their own inventory reports in the NABCA Diver system. If a vendor is a NABCA member, they can access the stock report any time. The new online system will resolve challenge WH 4.

Process Area	Process Detail
Trigger:	NABCA and store divisions send any out-of-stock reports to vendor
Predecessor Process:	None
Successor Process:	Warehouse – Receiving
Systems Used:	NABCA (Future Environment); NAVision
Divisions Involved:	Warehouse
Bottlenecks, Inefficiencies, Redundancies:	WH.4 The AABC manually sends vendors an out-of-stock report once per week to identify products that vendors need to restock in the warehouse.



2.3.4 Process Claims for Warehouse Breakage

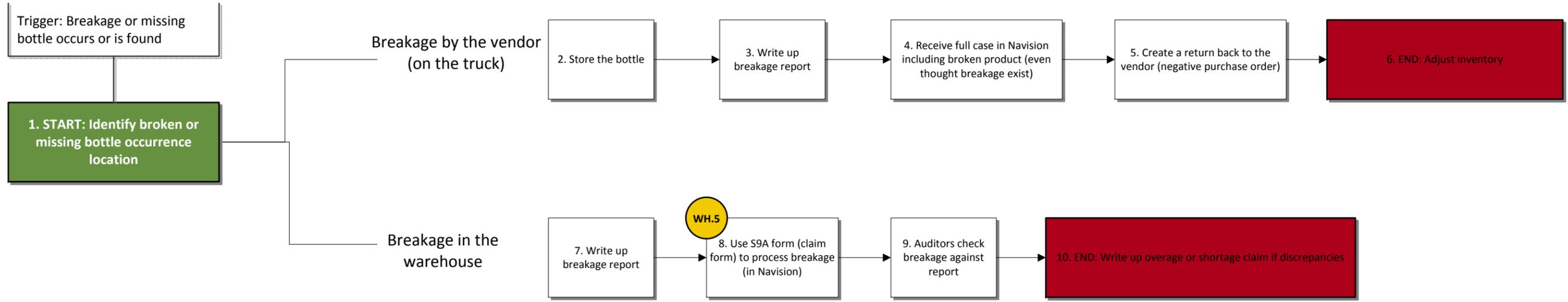
When bottle breakage occurs in the warehouse, a claim is created to either reduce inventory that is held by the warehouse or to pay a vendor for damaged product. A break occurs either on the truck or in the warehouse and can be identified in three primary ways:

1. Breakage identified on the truck.
2. Warehouse staff note that a bottle is missing.
3. The warehouse staff finds a broken bottle in the warehouse.

A breakage identified on the truck is the responsibility of the vendor. It is assumed that the bottle broke in transit to the warehouse and there was no fault on warehouse staff. The broken bottle is stored while warehouse staff create a breakage report. Warehouse staff then receive the full case in NAVision including broken product, even though breakage exists. A negative PO is the created in order to charge back the breakage to the vendor and the inventory is adjusted accordingly.

A breakage identified in the warehouse is the responsibility of AABC. These breakages generally occur while picking orders. When a breakage occurs, the S9A form is used to process a claim. The S9A form is used in NAVision to capture location, quantity, size, who broke the bottle, accounting code, and claim number. Auditors check actual breakage against the report. If there are discrepancies between actual breakage and the report, an overage or shortage claim is filed. Breakages in the warehouse are paid for by the AABC.

Process Area	Process Detail
Trigger:	Broken or missing bottle is identified <ul style="list-style-type: none"> • Breakage identified on the truck • Warehouse staff note that a bottle is missing • The warehouse staff finds a broken bottle in the warehouse
Predecessor Process:	None
Successor Process:	Accounting Pays for the Broken Product
Systems Used:	NAVision
Divisions Involved:	Warehouse
Bottlenecks, Inefficiencies, Redundancies:	WH.5 The AABC has to enter the product location (meaning AABC-owned or bailment) and product size information on each line of a claim. This is a tedious process.

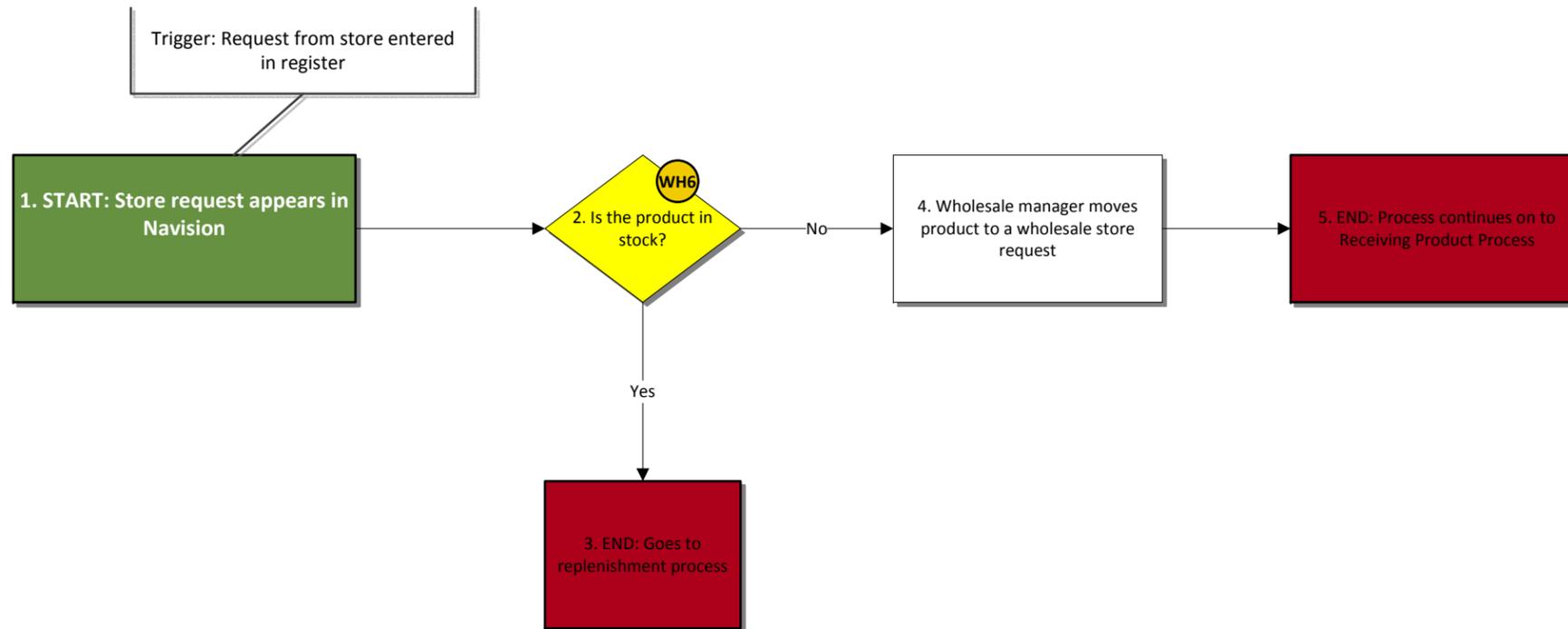


2.3.5 Handle Special Requests from Stores (Wholesale)

The AABC allows retail customers and wholesale businesses to order products that are not normally stocked on AABC retail store shelves. Any product not normally stocked on retail store shelves is considered wholesale and assigned a wholesale code. Some wholesale codes are frequently ordered and therefore maintained at the AABC warehouse. Others are not kept at the warehouse and are thus ordered from vendors when requested.

The process is triggered when a request from a customer at a retail store is entered in the store point of sale system. The request is sent to in NAVision via nightly polling. If the product is in stock in the warehouse, the Store Replenishment business process is followed. If the product is not in stock, a “wholesale” product request is made by the wholesale manager. A PO is created weekly for wholesale store requests for each vendor. The warehouse has the ability to create POs as often as desired, though AABC chooses to limit the amount of POs by creating them weekly and by vendor. After a PO is created, the process continues to the process of Receiving Product.

Process Area	Process Detail
Trigger:	Request from store entered in register
Predecessor Process:	Stores Operations – Store Request
Successor Process:	Warehouse – Receiving Product Warehouse – Special Requests
Systems Used:	NAVision, BevPro/RapidRoute, Triversity
Divisions Involved:	Warehouse, Stores Division
Bottlenecks, Inefficiencies, Redundancies:	WH.6 The warehouse system does not maintain a back order when special orders are processed at a store. A backorder would allocate the special ordered product to that originating store (and to the customer who ordered it) before shipping to any other store. This often causes significant delays to both the originating store and the customer.



2.3.6 Update/transmit Product Information from NAVision to BevPro/RapidRoute

The master product file information is maintained manually in NAVision by Product Management. The BevPro/RapidRoute product file consists of pick module location, AABC product code, description, size, and SCC and bulk location files, which refer to the location in the warehouse. When the product file information is updated, a new product file must be exported to BevPro/RapidRoute in order to effectively maintain consistent information. The BevPro/RapidRoute system performs an FTP transfer, or a "push" from the NAVision server to the BevPro/RapidRoute server, to get the product file. RapidRoute (the warehouse conveyor system application running on the BevPro/RapidRoute server) imports the file(s) and updates the database for product and UPCs. The product code files and location files are updated and transmitted to BevPro/RapidRoute in the same manner as the product file.

The triggers for a product UPC change are as follows (the processes are slightly different for each):

1. A new product
2. A product location change
3. A discontinued/de-listed product
4. A new UPC or SCC
5. Items missing from the product file
6. Items missing from the location file

For a new product, the following entries are made:

- New product UPC and SCC are entered in Navision in Bar Code Edit List.
- Pick module, location, ABC product code, and Bulk location are entered in Navision in the BEVPRO product file.

Both the product file and SCC file are then transmitted to BevPro/RapidRoute. The pricing manager changes the status of the product to "active." New product is entered into NAVision, and the updated product and UPC files are sent to BevPro/RapidRoute.

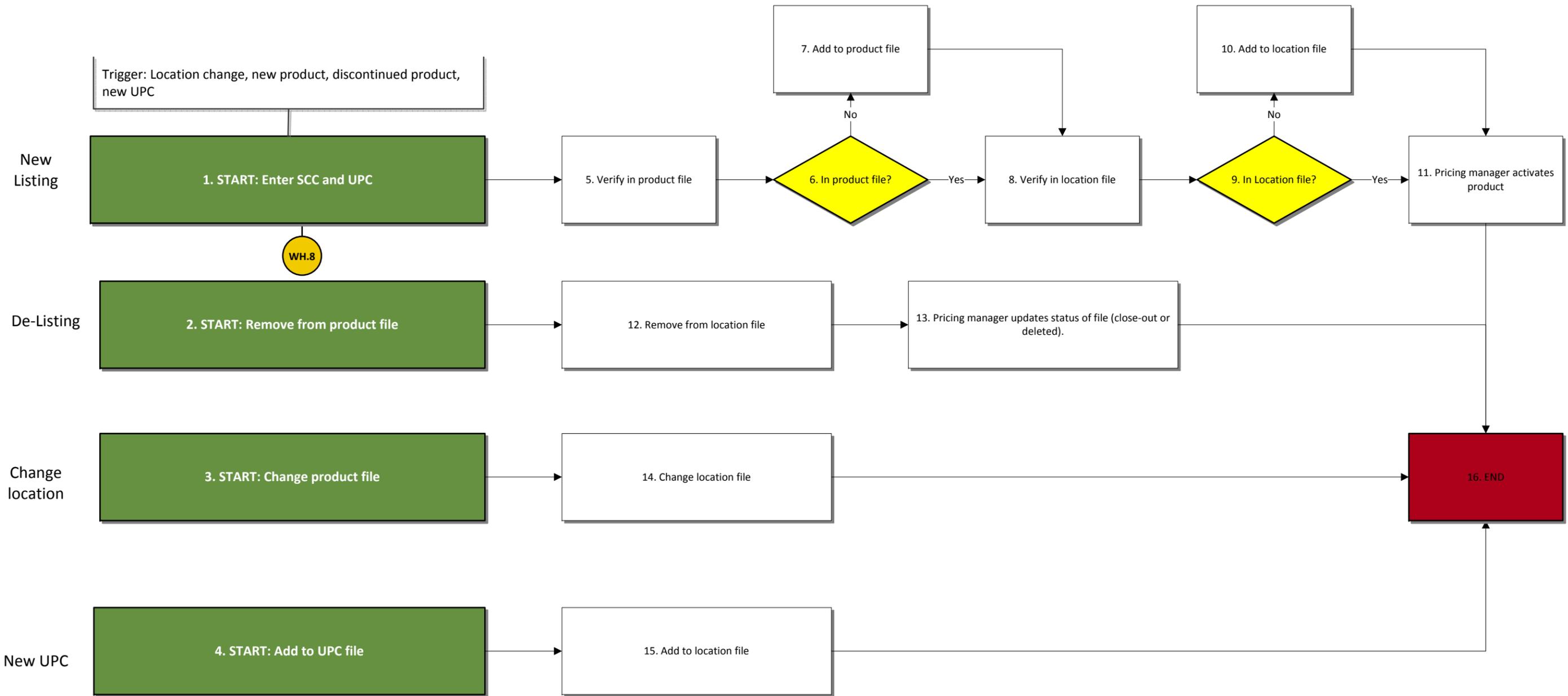
For a product de-listing, the UPC and SCC must be removed from the product file and location file in NAVision. The pricing manager then changes the status of the file from active to "close-out," or "deleted." Files cannot be marked deleted or closed out until all products with that code are out of the warehouse and out of all stores. Products removed/deleted are reflected in the new product and UPC files that are sent to BevPro/RapidRoute.

In order to change a product location, the product file and location file must be updated with the new information on location.

For a new UPC, the additions must be added to the UPC file and the location file.

To create the route file for BevPro/RapidRoute, the file is manually updated in NAVision.

Process Area	Process Detail
Trigger:	Product UPC change: <ul style="list-style-type: none"> • Location change, new product, discontinued product, new UPC or SCC, items missing from product file, items missing from location file Route File for BevPro/RapidRoute: <ul style="list-style-type: none"> • Receive load sheet from truck company (paper sheet) Missing Report: <ul style="list-style-type: none"> • Items not in product file • Items not in location file (Process is incorporated in other processes described below)
Predecessor Process:	None
Successor Process:	None
Systems Used:	BevPro/RapidRoute, NAVision
Divisions Involved:	Warehouse
Bottlenecks, Inefficiencies, Redundancies:	<p>WH.7 The entire process is inefficient because there is no automatic connection between BevPro/RapidRoute and NAVision for updating product changes. Any connection, however, must account for any deletions prior to shipping product.</p> <p>WH.8 If an SCC or UPC isn't in the product file, then it has to be manually entered. This should happen by having a new listing filled out correctly by the vendor online and automatically updating the system, rather than relying on manual updates.</p>



Bottlenecks (for the process in general)
WH.7

2.4 Pricing

The Pricing division records prices for all product sold by the AABC. Prices are published quarterly both in print (via a third-party printing contract) and on the AABC website. Pricing is also responsible for selling to military bases in Alabama. Military bases operate their own chain of retail stores but sell AABC's products at a discounted price. Pricing consists of a single full-time employee who reports to the Director of Product Operations.

List of Pricing Business Processes	
Process Number	Process Name
2.4.1	Add and Categorize New Product
2.4.2	Process Special Orders
2.4.3	Maintain Vendor/Broker List
2.4.4	Publish (or arrange for publishing) Product Pricing
2.4.5	Maintain/Print/Distribute Shelf Labels
2.4.6	Military Sales

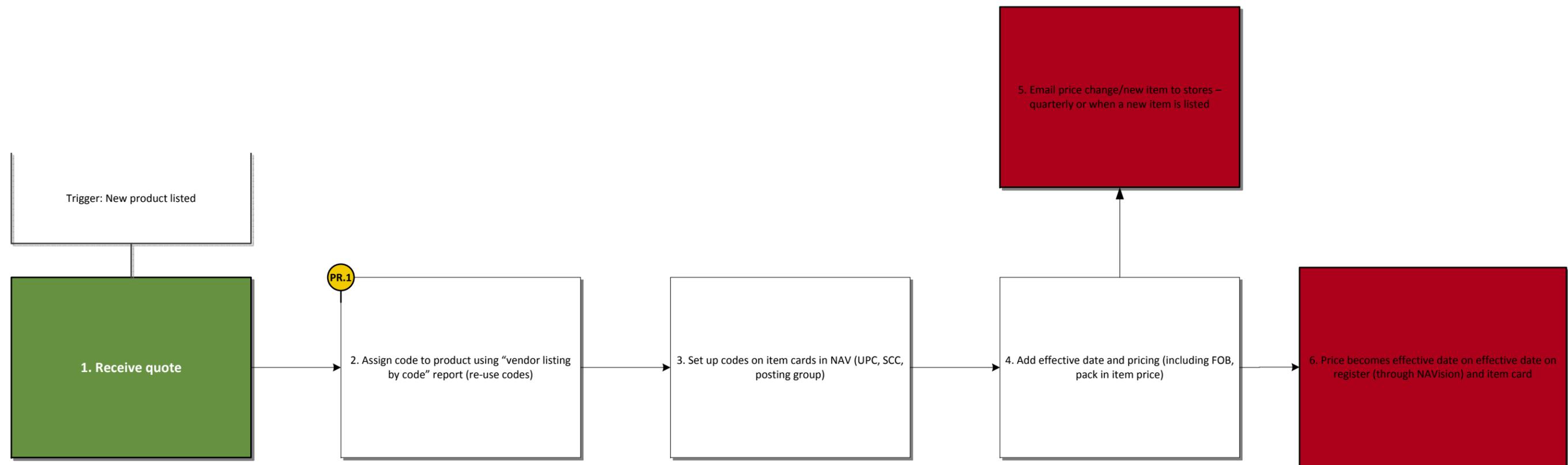
Table 2.4: Pricing Business Processes

2.4.1 Add and Categorize New Product

The trigger for the process of adding and categorizing new products is the decision by the AABC to carry products in AABC stores. The AABC will obtain a price quote from the vendor of record. The vendor/supplier sends that quote to the Pricing division, who in turn assigns a code. A code that had previously been applied to another product may be reused. The product is then set up on an item card in NAVision (including information about the product such as UPC, SCC, posting group, etc.), and a price effective date and the pricing for the product (Freight on Board (FOB), pack, item price) are created. Once the price date is reached, the register (through NAVision) and item card are updated and the product will be available for sale. An email is sent quarterly to stores noting the price change or new item. The pricing is also printed in the quarterly pricing guide and published on the website.

Process Area	Process Detail
Trigger:	Product listed
Predecessor Process:	Listing/De-Listing Product, Maintain Vendor/Broker List
Successor Process:	Replenishment, Code Distribution, Shipping
Systems Used:	NAVision
Divisions Involved:	Pricing

Process Area	Process Detail
Bottlenecks, Inefficiencies, Redundancies:	PR.1 Reuse of the AABC code causes AABC code duplication.

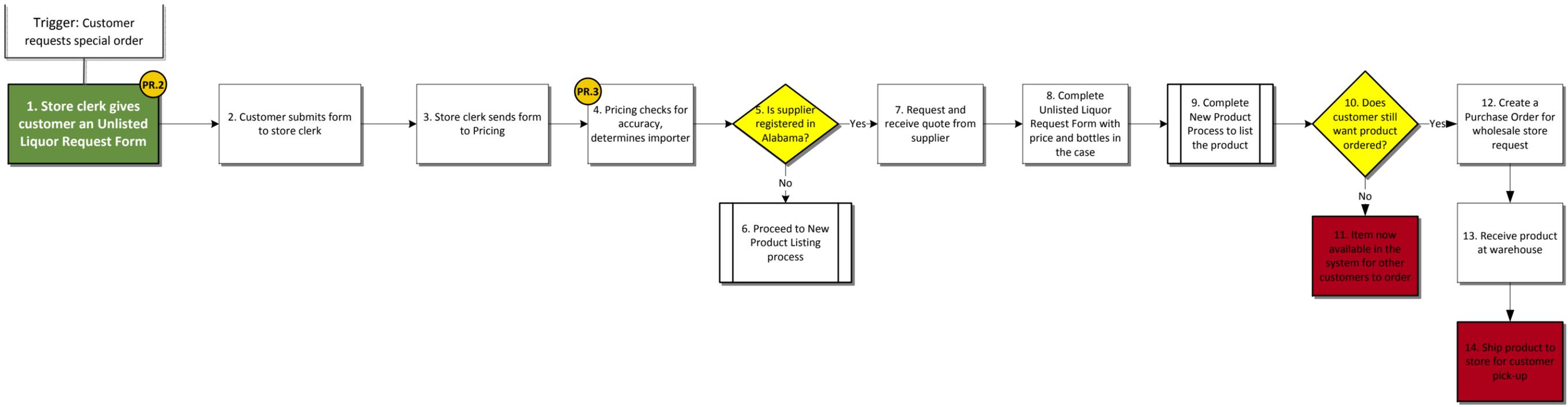


2.4.2 Process Special Orders

A special order is an order placed by a customer for a product that is not carried by the AABC. This may include a product that is not carried by the AABC, or a product that is carried but is classified as a “wholesale” product, meaning it is carried or listed by the AABC but not on regular replenishment cycle in the retail stores.

The process is triggered when a customer makes a request for product that is not carried. The store clerk gives the customer an Unlisted Liquor Request form, which the customer partially completes. The store clerk then sends the form to the Pricing division via email. Pricing checks the form for accuracy and determines the importer of the requested product, if it is not already carried by the AABC. If the supplier is not registered in Alabama, the New Product Listing process is completed, which allows the product to be carried by the AABC. If the supplier is already registered, a quote is requested and received by Pricing from the supplier or vendor of record. The Unlisted Liquor Request Form is then completed by Pricing, noting the price and bottles in the case. Once the product is listed (if it was not already) and a price received, Pricing asks the store if the customer still wants the product. If not, the item is now available for other customers, generally as a wholesale product (the product would need to go to a listing hearing to be listed as a retail product). If the customer still wants the product, a PO for a wholesale product is created in NAVision. After the product is received at the warehouse, the product is shipped to the store and the process is complete.

Process Area	Process Detail
Trigger:	Customer makes special order.
Predecessor Process:	None
Successor Process:	New product listing, add/categorize new product, wholesale store request
Systems Used:	NAVision, Outlook
Divisions Involved:	Product Management (wholesale), Pricing, Stores
Bottlenecks, Inefficiencies, Redundancies:	<p>PR.2 The store often does not check the register system to see if the product is already carried by the AABC. This results in stores sending unnecessary requests to Pricing.</p> <p>PR.3 The Unlisted Liquor Form is often filled out incorrectly by the store/customer. This can cause additional work for Pricing employees.</p>

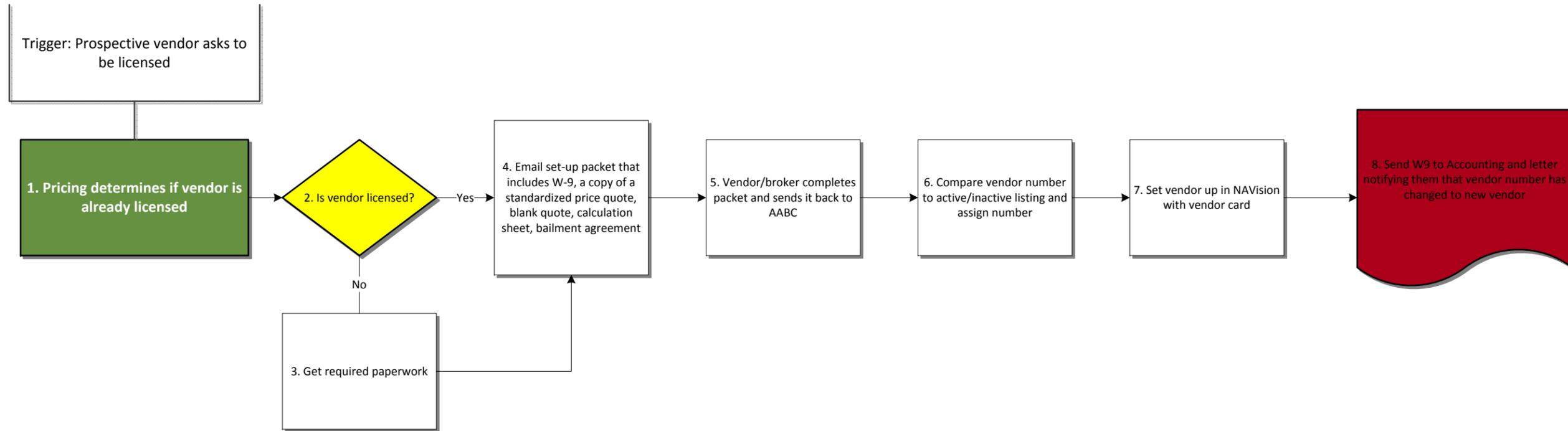


2.4.3 Maintain Vendor/Broker List

All vendors and brokers wanting to do business selling liquor products in Alabama must be licensed as a vendor or broker by the AABC. The master list of vendors and brokers is maintained by Pricing.

The process for maintaining the vendor/broker list is triggered by a vendor request for license to sell liquor in Alabama. If the vendor is not licensed or registered with the AABC, they must first gather the required paperwork. Then, a set-up packet is emailed to the vendor including a W-9, a copy of a standardized price quote, a blank quote, a calculation sheet, and a bailment agreement. Once the vendor/broker completes the set-up packet, they return it to AABC by mail. AABC will compare the vendor number to active/inactive listings and assign a vendor number. The vendor is then established in NAVision with a vendor card. Accounting receives a W-9 and a letter notifying them that the vendor number has changed to a new vendor.

Process Area	Process Detail
Trigger:	Request for license to sell liquor in Alabama by a new vendor
Predecessor Process:	None
Successor Process:	Add/Categorize New Products
Systems Used:	NAVision
Divisions Involved:	Pricing, Accounting, Licensing, Suppliers, Representatives
Bottlenecks, Inefficiencies, Redundancies:	None



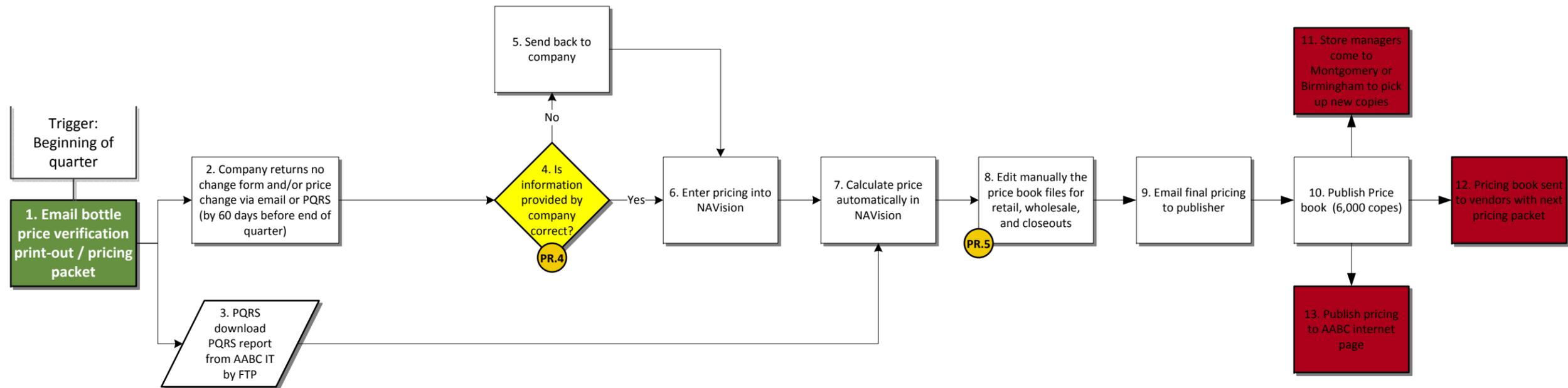
2.4.4 Publish (or Arrange for Publishing) Product Pricing

The AABC sets and publishes pricing quarterly for all product listed. Price setting dates are in February, May, August, and November. The quarterly publishing of product pricing occurs through the AABC quarterly price guide, which is both printed and available for download on the AABC website.

A memo announcing the availability of the next pricing quarter is sent to all suppliers four times a year and provides the anticipated date of the next price listing. A pricing packet is emailed to suppliers along with the memo, which notes the pricing period and includes a No Change Form and bottle price verification printouts for each product carried by a vendor. Vendors submit price changes, if any exist, via email to the AABC or through the Price Quotation Reporting System (PQRS), a NABCA-operated system. An FTP of price changes from PQRS sends the pricing changes to NAVision. Price changes must be received 60 days before the end of the upcoming quarter. If the pricing information provided by the supplier is incorrect, the form is returned to the company for corrections. If pricing information is correct, the updated pricing is then entered into NAVision, which automatically calculates the pricing, including markup that the AABC uses to generate revenue to state agencies, cities, and counties. The new price file is sent to the register to update the local register database.

The final pricing is emailed to the quarterly price guide publisher, and 6,000 copies of the guide are printed and distributed to AABC stores. The quarterly price guide is posted on the AABC website and the pricing book is sent to vendors with the next pricing packet. Store managers come to Montgomery or Birmingham to pick up new copies.

Process Area	Process Detail
Trigger:	Beginning of quarter
Predecessor Process:	None
Successor Process:	None
Systems Used:	PQRS (NABCA), NAVision, Adobe, Outlook
Divisions Involved:	Pricing, IT, NABCA
Bottlenecks, Inefficiencies, Redundancies:	<p>PR.4 AABC often needs to correct vendor errors made on the price change form.</p> <p>PR.5 The system requires price changes to be made manually. This takes a day for retail products and two days for wholesale products.</p>

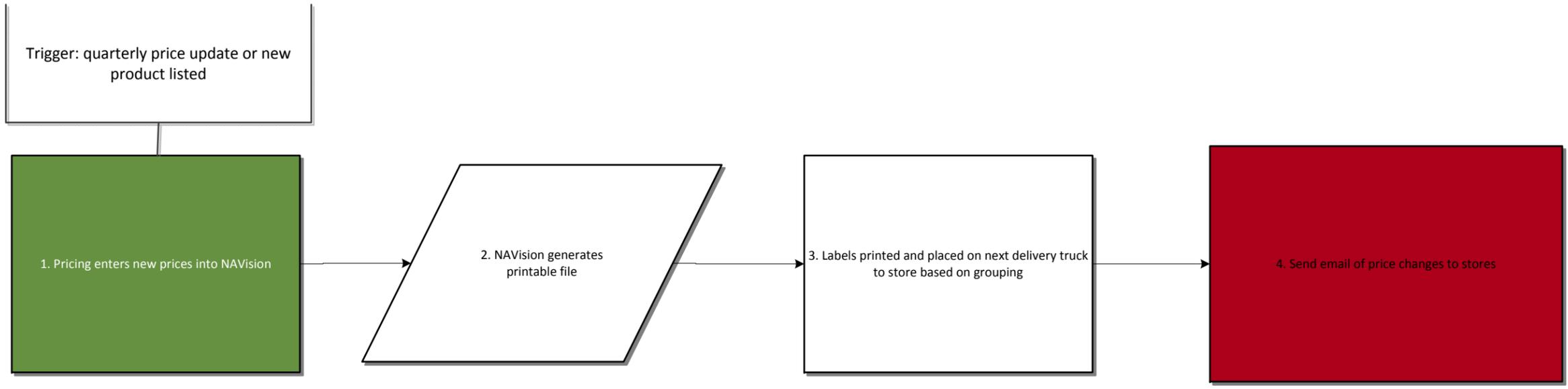


2.4.5 Maintain/Print/Distribute Shelf Labels

Pricing is responsible for printing and distributing shelf labels to retail stores. Bin strips are used for regular retail stores, while no bin strips are used for wholesale/special order products.

Distribution of new shelf labels is triggered by quarterly price changes, other price changes, or introduction of new product. Pricing manually enters price changes into NAVision. Labels are printed by Pricing and placed on the next delivery truck to the store based on grouping. An email is sent to stores noting pricing changes.

Process Area	Process Detail
Trigger:	Quarterly price changes, price change, or new product
Predecessor Process:	Listing
Successor Process:	Sales
Systems Used:	NAVision
Divisions Involved:	Pricing
Bottlenecks, Inefficiencies, Redundancies:	None



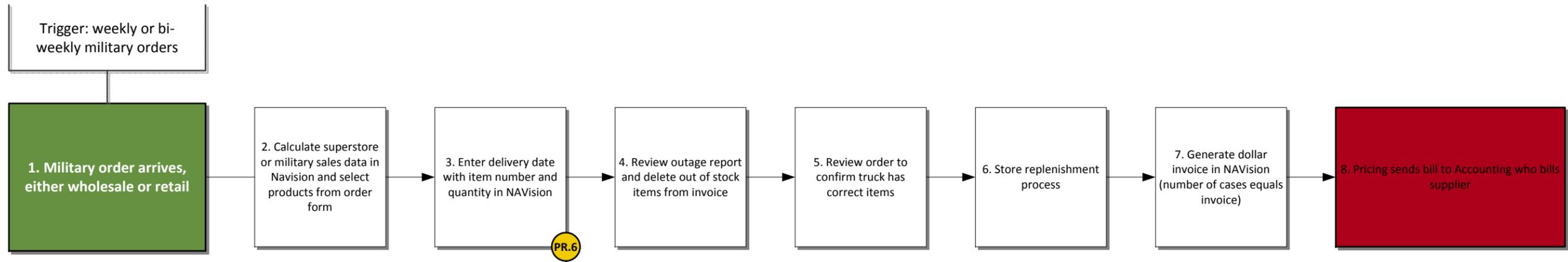
2.4.6 Military Sales

Sales of liquor on military bases in Alabama come from two providers: the AABC or the Army and Air Force Exchange Service (AAFES), a Dallas-based agency of the United States Department of Defense focused on providing merchandise and services to Army and Air Force personnel. AAFES runs base liquor stores, which also include beer and wine. AABC liquor sold to AAFES is provided at 5% over cost. Military bases have product shipped directly from the AABC rather than picking up the product at an AABC wholesale store.

The military sales process is triggered by a military store order form that arrives either weekly or bi-weekly. Once the military order arrives, it is entered in NAVision, including each item number and quantity of each product ordered. The invoice is then “moved” to a warehouse batch in NAVision. An expected shipment and delivery date is entered, expected shipment is calculated, and a load sheet is printed. NAVision exports the file to BevPro/RapidRoute. Pricing will receive a report of product that is not available in the warehouse (the outage report) and out-of-stock items are deleted from the invoice. Product ordered is loaded on the AABC shipping truck and the order is checked against the invoice for accuracy.

The military sales process concludes by continuing to the store replenishment process. This process generates an invoice in NAVision. The invoice is then sent to Accounting, who bills the military store for all products ordered.

Process Area	Process Detail
Trigger:	Military store order (weekly or every other week)
Predecessor Process:	Receiving Product
Successor Process:	Generate Purchase Order Invoices (Accounting)
Systems Used:	NAVision
Divisions Involved:	Pricing, Purchasing
Bottlenecks, Inefficiencies, Redundancies:	PR.6 – Pricing must manually enter military orders into NAVision, since military orders are received by fax or email.



2.5 Store Operations

The Store Operations Division is the largest division in the AABC. It includes about 650 employees who serve as clerks, cashiers, or managers. There are two regional directors (one for the northern part of the state and one for the southern part), and seven districts managers in each region. The Stores division is overseen by a single director in Montgomery.

Stores are responsible for liquor sales to the public and to licensees through retail stores and wholesale/retail stores. Some wholesale/retail stores provide a separate area for licensees to pick up liquor for sale at their establishments.

List of Store Operations Business Processes	
Process Number	Process Name
Central Office Store Operations (includes Store Operations Control (SOC))	
2.5.1	Manage Employee Information
2.5.2	Set and Update Store Hours and Locations and Districts
2.5.3	Retrieve Missing Sales
2.5.4	Enter and Verify Store Deposits
Individual Stores – Managerial/Back Office Operations	
2.5.5	Store-to-Store Transfers at the Store
2.5.6	Process Store Requests
2.5.7	Conduct Physical Inventory
2.5.8	Receive Inventory
2.5.9	Process Claims for Damaged or Broken Goods
Individual Stores – Cashiering/Point-of-Sale	
2.5.10	Process Special Orders
2.5.11	Process Wholesale Orders
2.5.12	Process Retail Sales
2.5.13	Conduct Beginning and End of Day Processes on Registers
2.5.14	Collect Tax for Products Not Sold by AABC

Table 2.5: Store Operations Business Processes

2.5.1 Manage Employee Information

With over 173 store locations, the AABC has hundreds of employees for whom they must maintain information, including a login and password to the AABC’s point-of-sale system.

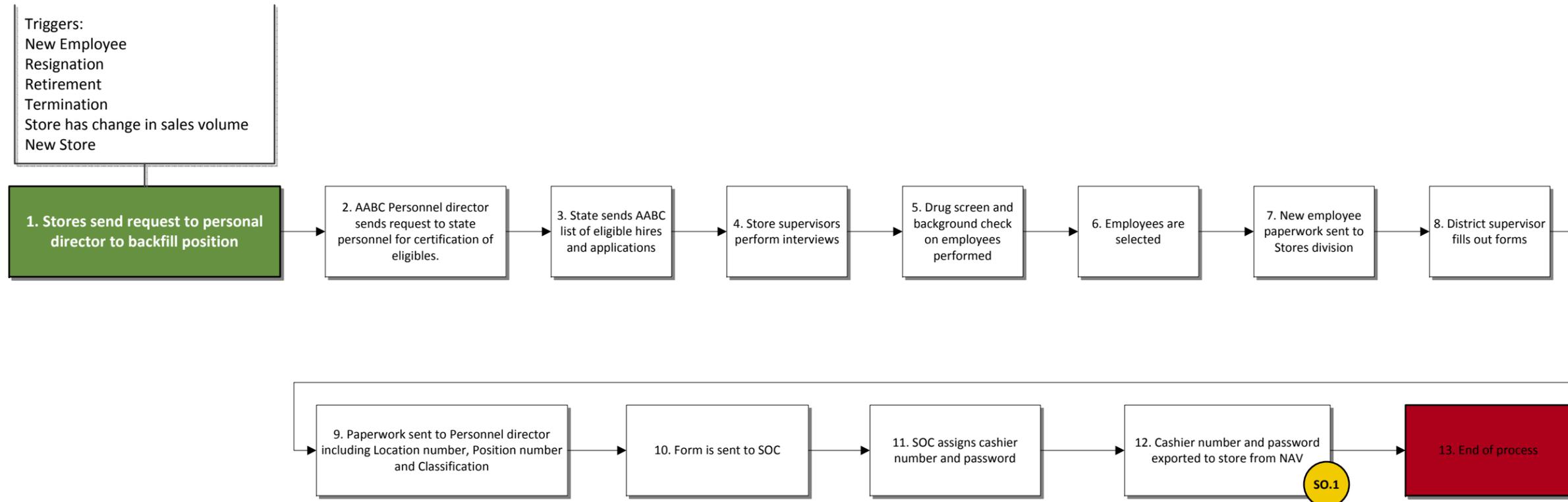
This process begins when a position becomes available at an AABC store. Positions become available for various reasons, including new employee, employee transfer, retirement, resignation, employee termination, increase/decrease of store sales volume resulting in need for additional or fewer employees, or when a store is added or deleted.

The AABC Personnel Director sends the request to State Personnel for certification of eligibles (persons who are eligible for hire). The State Personnel Director then sends the AABC the list of eligible hires and applications. Store supervisors then conduct interviews with candidates and perform background checks and drug screens.

Once a new employee is selected, new employee paperwork is completed by the District Supervisor and sent to the Stores division. The paperwork is then sent to the AABC personnel director, which includes store location number, position, and job classification.

The form is then sent to Store Operations Control (SOC), who assigns the new employee a cashier number and password in NAVision. This cashier number and password are then exported to the store’s POS systems from NAVision, which completes the process.

Process Area	Process Detail
Trigger:	<ol style="list-style-type: none"> 1. New employee 2. Employee transfer 3. Retirement 4. Resignation 5. Termination 6. Increase/decrease store sales volume 7. Add/delete store
Predecessor Process:	None
Successor Process:	None
Systems Used:	Excel, Word , Email, NAVision, Website
Divisions Involved:	Stores, SOC, AABC Personnel , State Personnel, IT
Bottlenecks, Inefficiencies, Redundancies:	SO.1 NAVision does not allow enough characters for many full names.



2.5.2 Set and Update Store Hours, Locations, and Districts

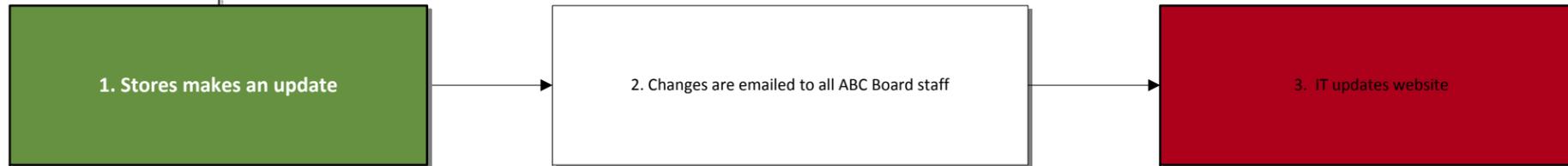
The AABC maintains a variety of information that serves as a central database for managing data about each store in NAVision, including store hours, locations, and districts. When this information is modified, changes have to be communicated to appropriate personnel.

There are various reasons for updating store hours, locations, and districts. The reason may be a new store location, new store hours, store relocation, store changes delivery groups, store changes districts, store closing, or a staffing change. For any one of these changes, the stores division makes the appropriate update in NAVision. Once changes have been made by the stores division, the change(s) is emailed to all AABC Board staff. IT then updates the appropriate website to end the process.

Process Area	Process Detail
Trigger:	New store location, new store hours, relocation, store changes delivery groups, store district changes (number of required staff for a store to operate), store closing
Predecessor Process:	None
Successor Process:	None
Systems Used:	MS Word, MS Excel, NAVision , Email, Website, Supply Ordering System, SharePoint
Divisions Involved:	Stores, SOC, IT, ISD
Bottlenecks, Inefficiencies, Redundancies:	<p>SO.2 The system is not able to include stores that closed in NAVision in reports. Stores that closed cannot be closed in NAVision until the end of the fiscal year.(October 1 to September 30)</p> <p>SO.3 There is no integration between the stores database in NAVision and websites that hold store information. Therefore information has to be manually updated on the websites.</p> <p>SO.4 Reports are inaccurate due to multiple data entry points.</p> <p>SO.5 AABC must manually update an employee's assigned district when they are re-assigned to a new store.</p> <p>SO.6 All information relative to store locations, hours, and districts in the store supply ordering system must be updated manually.</p>

Triggers:

- New store location
- New store hours
- Store relocation
- Store delivery group change
- Store district change
- Staffing changes (# of required staff for a store to operate),
- Store closing



Bottlenecks (about the process in general)



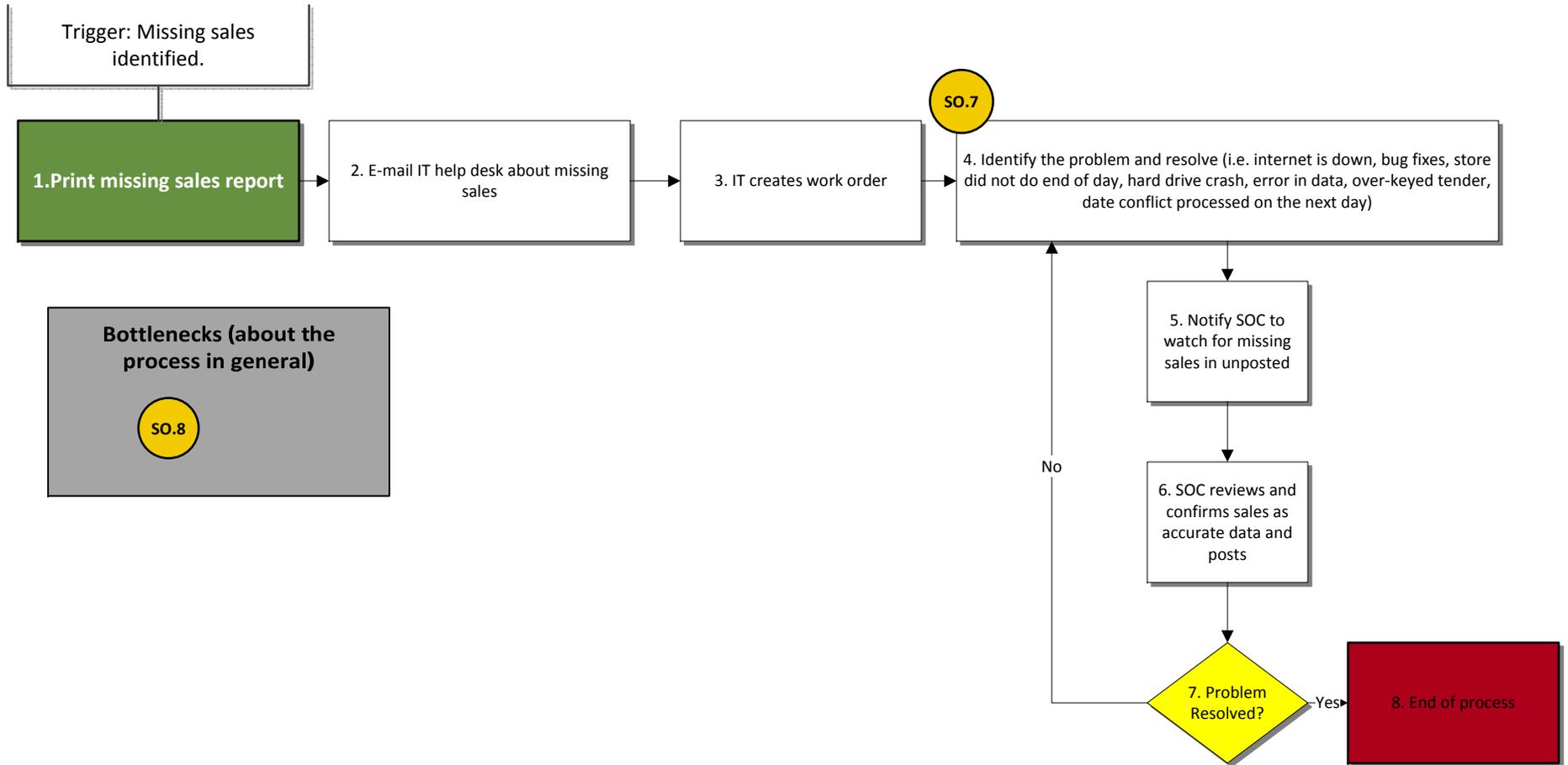
2.5.3 Retrieve Missing Sales

This process is the result of various possible problems in the polling process, which pulls data from individual stores to NAVision at the central office. Sometimes, for various reasons, polling data from stores will not be received at the central office.

On a daily basis, SOC runs a daily sales report that displays any stores for which sales have not been received from the prior day. If there are missing sales, SOC then emails the report to IT so that they can correct the issue. The issue could be because internet problems, store failure to do end-of-day, a hard drive crash, an error in data, an overkeyed tender, a date conflict processed on the next day, or bug fixes.

IT imports missing store sales into NAVision and then notifies SOC to watch for the missing sales coming into central office. If sales are missing, IT is notified by SOC. IT ensures that missing sales are imported into NAVision either manually or using the automated import process (files are placed back in the register polling folder). Once sales files are entered, IT notifies SOC for review and posting. SOC looks for the sales in the unposted and reviews and confirms as being accurate, then performs the post of the sales files.

Process Area	Process Detail
Trigger:	Missing sales identified
Predecessor Process:	Store Operations – End of Day
Successor Process:	None
Systems Used:	Email, NAVision, Triversity, PC Anywhere, TrackIT software (for work orders)
Divisions Involved:	SOC, IT, Stores Division
Bottlenecks, Inefficiencies, Redundancies:	<p>SO.7 Sometimes have to manually move sales data from registers to NAVision because of data upload or polling problems.</p> <p>SO.8 This process is the result of the asynchronous nature of polling.</p>

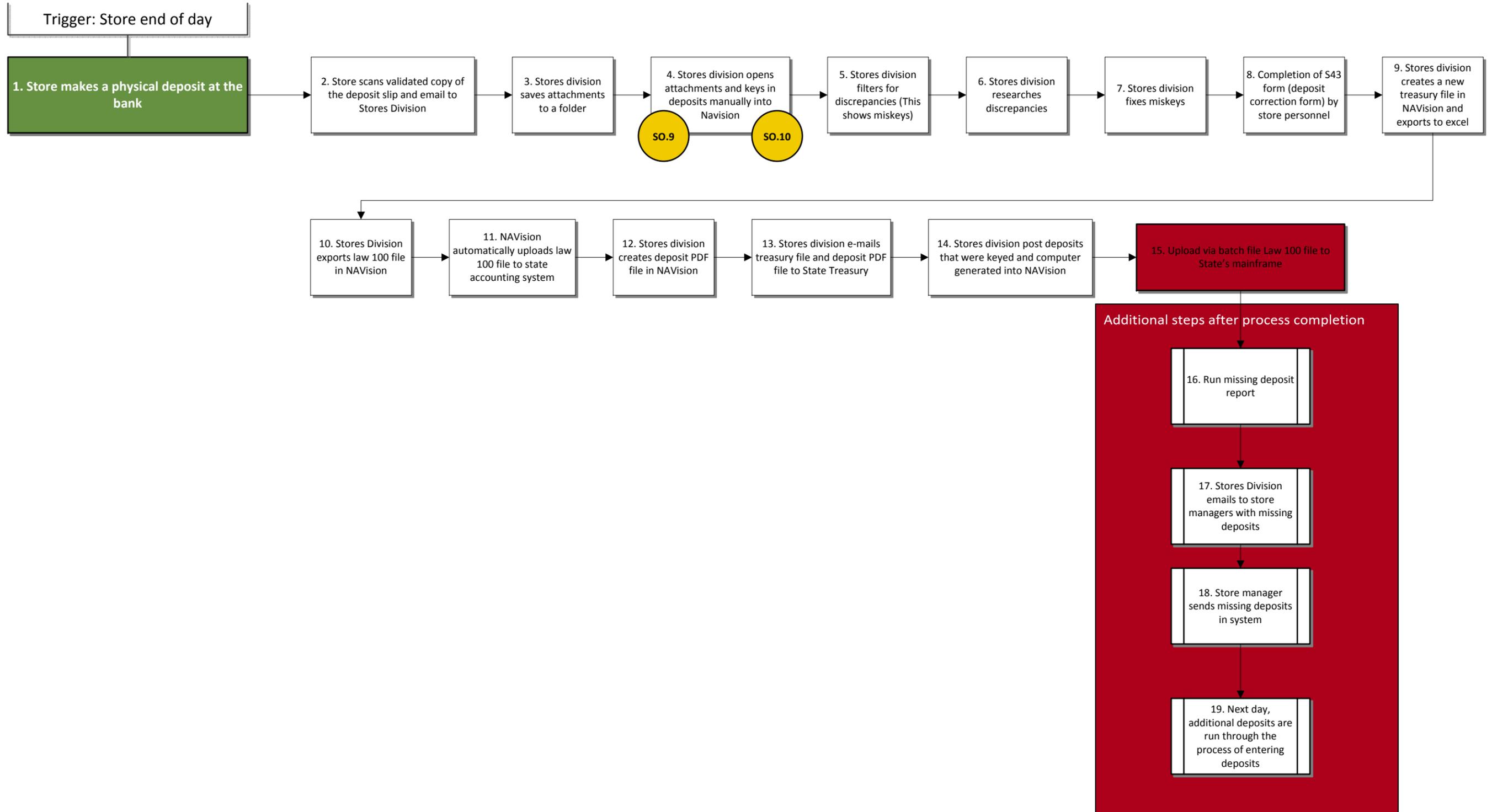


2.5.4 Enter and Verify Store Deposits

The Store operations division verifies each store deposit and enters them into NAVision after receiving each store’s bank deposit slip. This process begins when each store makes a physical deposit at the bank. The store scans the validated copy of the deposit slip from the bank and emails the copy to the stores division. The store division saves the copies of the deposit slips to a folder for all deposit attachments received. They open the attachments and key each deposit manually into NAVision. Once all deposits have been entered, they filter for discrepancies. If the discrepancy is due to mis-keyed information, the information is corrected. If it was not a mis-key, the discrepancy is researched. If there was a problem at the store, store personnel complete a S43 form to correct inaccurate deposits.

The stores division creates a “treasury file,” an Excel file containing deposits of store sales for export to the state Treasury, in NAVision once all discrepancies are fixed or researched. The “Law100” file, or file of deposits data to be exported to the state’s accounting system (AFNS), is then created in NAVision and uploaded manually to the state accounting system. The stores division creates a deposit report PDF file showing the day’s deposits in NAVision, then emails the excel treasury file and the deposit report PDF file to the State Treasury. After emailing the deposit PDF, the stores division posts the deposits that were keyed and computer generated in NAVision. The Law100 file is uploaded to State’s mainframe via a batch file. A missing deposit report is run after all files have been generated and uploaded and the stores division emails any store managers that have missing deposits. The store managers then send any missing deposits in the system and the process repeats for entering store deposits. The missing deposits process is not necessary to end the process of entering and verifying store deposits; rather, they are additional steps that are performed to ensure there are no missing deposits. Missing deposits are treated like all other deposits in that they run through the same enter/verify business process steps the following day.

Process Area	Process Detail
Trigger:	Store End of Day
Predecessor Process:	Conduct End of Day Process on Registers
Successor Process:	Run Missing Deposit Report
Systems Used:	PDF Reader, MS Excel, NAVision, Email
Divisions Involved:	Stores Division, SOC, IT, Accounting, Stores
Bottlenecks, Inefficiencies, Redundancies:	<p>SO.9 Store operations has to manually open and enter scanned copies of deposit slips that are attached to emails for 173 different stores daily.</p> <p>SO.10 Store operations has to manually verify deposit amounts from scanned deposit slips 173 different stores daily if there is a difference between amount keyed and amount deposited.</p>



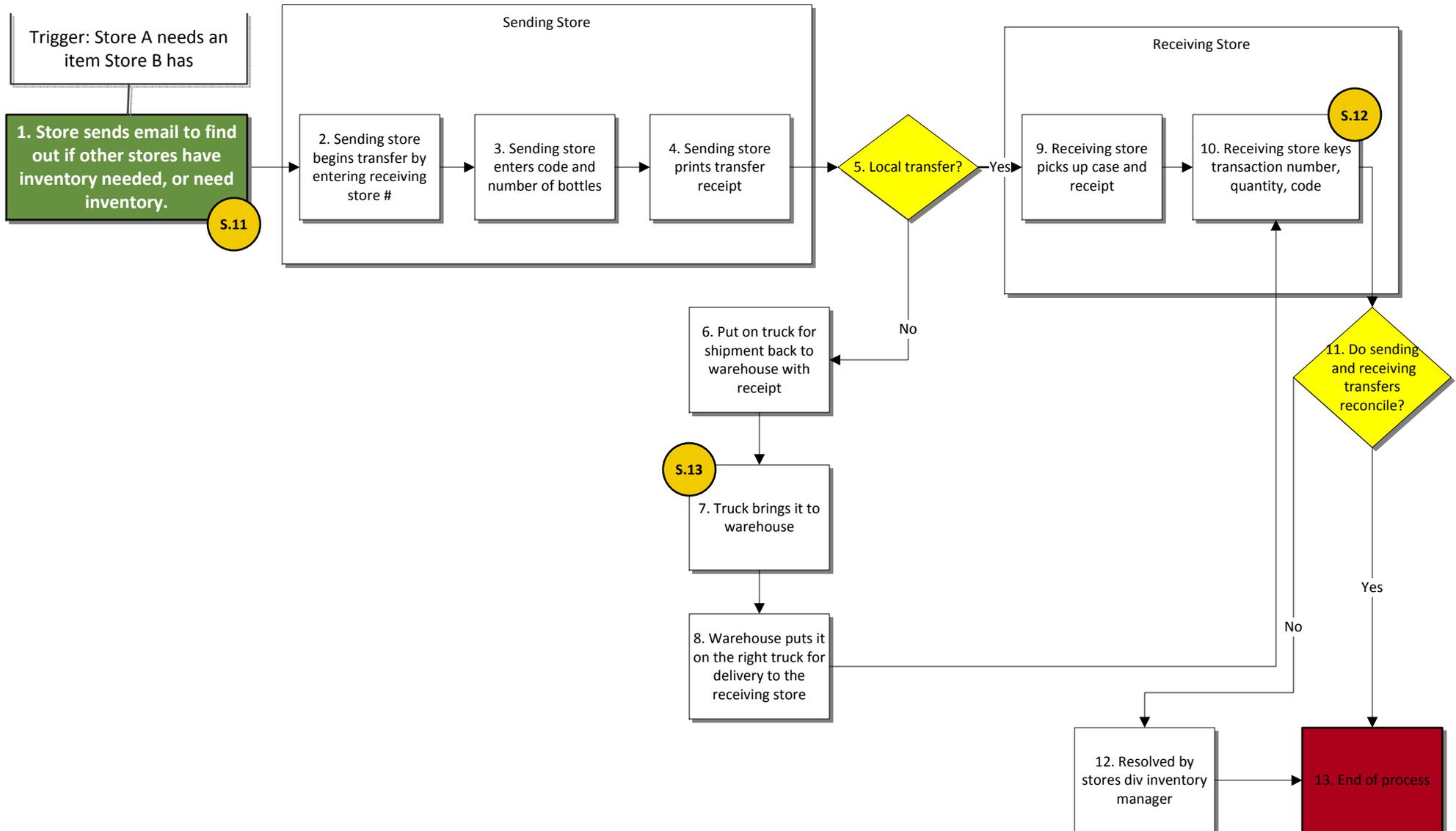
2.5.5 Store-to-Store Transfers

Store-to-store transfers occur when one store needs product that is in stock at another store. Stores can either ship directly to the requesting store if they are close by or ship to the warehouse for delivery if the receiving store is further away.

This process is triggered by the need for a product located at another store. The receiving store sends an email to find out if other stores have the inventory needed, or need inventory if the receiving store has an excess of product. The sending store begins the transfer of inventory at the register by entering the receiving store number. The sending store then enters the AABC code and number of bottles being sent and prints the transfer receipt to be shipped with the inventory. If the transfer is local, the receiving store picks up the bottles and the receipt. The receiving store keys the transaction number, quantity, and AABC code into the POS system. It is then determined if the sending and receiving stores transfers reconcile. When both stores enter the transfer, inventory will be reconciled. If the inventory reconciles, the process ends. If inventory cannot be reconciled, the issue is resolved by the stores division inventory manager.

If the transfer is not local, the inventory is put on a truck for shipment back to the warehouse with a receipt. The inventory and receipt are brought to the warehouse to be loaded on the appropriate truck for delivery to the receiving store. There is a separate physical area for this inventory in the warehouse so that it is not grouped with regular inventory.

Process Area	Process Detail
Trigger:	Out of stock item
Predecessor Process:	None
Successor Process:	None
Systems Used:	Email, Triversity, NAVision
Divisions Involved:	Warehouse, SOC, Stores, Product Management
Bottlenecks, Inefficiencies, Redundancies:	<p>SO.11 Stores cannot see the inventory levels at other stores. Email communication is required to determine availability of product at other stores.</p> <p>SO.12 The receiving store in a store-to-store transfer must manually enter all inventory received, rather than the inventory being automatically available to receive in the POS system.</p> <p>SO.13 The transferred product can get lost in transit when it must be transferred through the warehouse.</p>

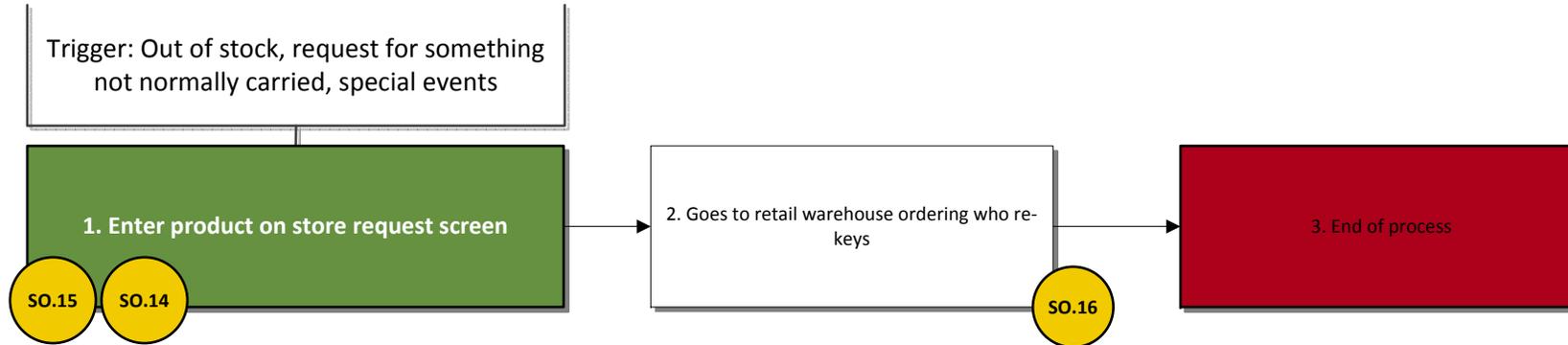


2.5.6 Process Store Requests

This process occurs at AABC stores when there is an item that is out of stock, there is a need for additional product that is not normally stocked on store shelves but is stocked in the warehouse, or a customer has a special event that requires a larger quantity of product than the store would normally carry.

When any of these trigger events occur, the store will enter the request in the POS system. This information is pulled during nightly polling and loaded into the store request file in NAVision to be processed.

Process Area	Process Detail
Trigger:	Out of stock item
Predecessor Process:	None
Successor Process:	Process Retail Order, Process Wholesale Order
Systems Used:	Triversity, NAVision
Divisions Involved:	Product, Store, SOC
Bottlenecks, Inefficiencies, Redundancies:	<p>SO.14 The store employees cannot edit or review a request after submission of the request.</p> <p>SO.15 No receipt may be printed when a product request is submitted.</p> <p>SO.16 Store employees cannot view the status of a store request and, because of this, often and inadvertently make the request a second time.</p>



2.5.7 Conduct Physical Inventory

Each AABC store is required to perform a complete physical inventory count on a monthly, quarterly, or every other month basis depending on the historical accuracy of the store inventory. The process of counting the inventory is performed using a CK30 handheld scanner which communicates directly with the NAVision system at the central office. SOC sets up the schedule for each store's inventory in NAVision. When the schedule is set up in NAVision, this causes the POS system to be ready to perform inventory on the scheduled date. SOC emails the schedule out to all the store managers to alert them of their scheduled inventory.

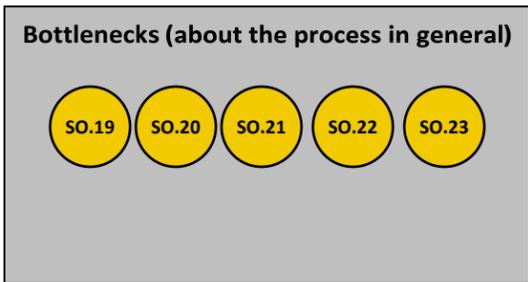
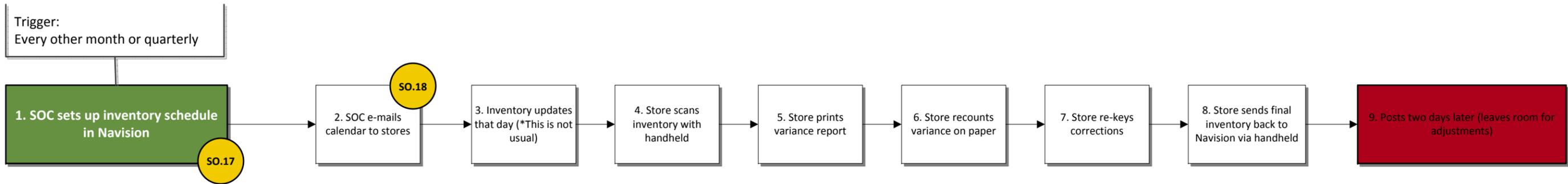
Inventory may be taken the morning before the store opens or in the evening after the store closes. Inventory entries and corrections in NAVision depend on when inventory is taken. If the inventory is taken in the morning before the store opens, the system compares the inventory counted with the inventory at the end of the previous day's sales. Store employees then enter in NAVision the date the inventory finished and any adjustments. If the inventory is taken in the evening after the store closes, then the inventory numbers have to be recalculated to subtract that day's sales. Store employees often will not enter the date finished on an evening inventory to better allow for locating missing data or to increase the accuracy of the physical inventory.

The inventory batch is updated at that time if date finished is not entered on the batch record. The store employees then count the physical inventory by scanning all of the items with a CK30 handheld unit and print a variance report. All items that appear on the variance report are recounted and corrections are rekeyed or rescanned into the handheld.

The store then enters a code to indicate inventory is completed and approved for posting from the handheld and the process ends. The inventory changes are posted to the store's inventory two days later. This allows time to make adjustments if there are problems with the inventory or items found. It also allows opportunity for the stores division to print a copy of the variance for their records.

Process Area	Process Detail
Trigger:	Calendar: Monthly, every other month or quarterly (depends on the store)
Predecessor Process:	None
Successor Process:	None
Systems Used:	MS Word, MS Excel, Triversity, NAVision , CK30s, Email
Divisions Involved:	Stores, SOC, IT
Bottlenecks, Inefficiencies, Redundancies:	<p>SO.17 The central office must manually set store inventory dates, which is a prerequisite for doing inventory.</p> <p>SO.18 The central office must, once store inventory dates are set, must then email calendars to stores. This constitutes double data</p>

Process Area	Process Detail
	<p>entry.</p> <p>SO.19 Store employees cannot enter S9A claims or make store-to-store transfers on inventory days.</p> <p>SO.20 CK30s have a real time connection with the central office. Store employees experience frequent dropped connections with CK30s.</p> <p>SO.21 The CK30s connection to the central office limits the number of stores that can perform inventory on any given night.</p> <p>SO.22 No orders may be in suspension (meaning when an order is created ahead of time and put on hold, but not tendered) during inventory.</p> <p>SO.23 If a store enters an incorrect store number via a CK30, it can conduct a physical inventory for a different store.</p>



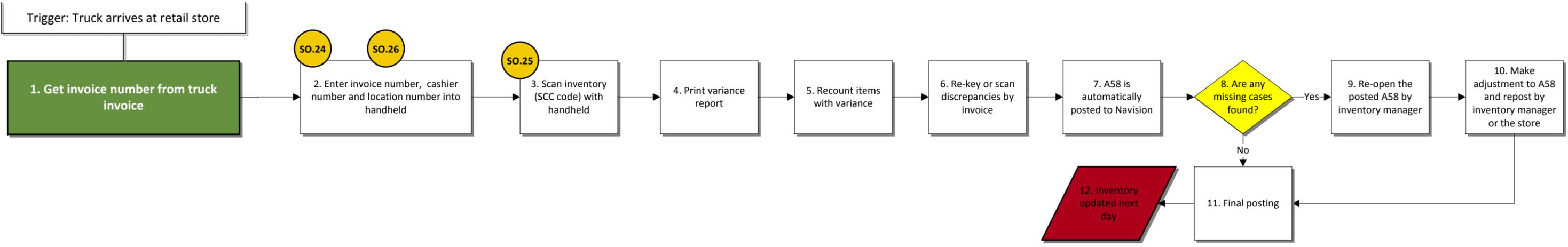
2.5.8 Receive Inventory

AABC stores track inventory of each item in the store. The receive inventory process is utilized to update AABC systems with accurate information on inventory quantities at each store when shipments arrive from the warehouse.

This process begins when a truck arrives at a store with a load of product from the warehouse. The store will need to retrieve the invoice number from the invoice that came with the product on the truck. The store uses a CK30 handheld unit to enter the pertinent data and receive the shipment. The first data entered into the handheld is the location number, cashier number, and invoice number. The store employee then proceeds to scan the SCC from each case of liquor arriving at the store.

When all the cases are entered, the store then prints a variance report, which displays any discrepancy between what the warehouse claimed was shipped on the invoice and what was physically scanned at the store. Any items that have a discrepancy are rescanned or rekeyed into the handheld scanner. A store must enter a code to indicate that a truck delivery is completed and approved for posting. An A58 entry, which reports a variance with product received at the store, is created when truck deliveries are posted each evening.

Process Area	Process Detail
Trigger:	Truck arrives at the store
Predecessor Process:	Warehouse - Shipping
Successor Process:	None
Systems Used:	NAVision, CK30s, Triversity
Divisions Involved:	Stores, SOC, IT, Warehouse, Accounting
Bottlenecks, Inefficiencies, Redundancies:	<p>SO.24 If there are two shipments coming to one store, and only one is received, the register system will post both shipments as received.</p> <p>SO.25 If the connection to the central office is interrupted, stores must manually key in the received shipment or stores division staff makes the updates.</p> <p>SO.26 It is possible to receive a shipment for a different store location by entering the wrong store number.</p>



2.5.9 Process Claims for Damaged or Broken Goods

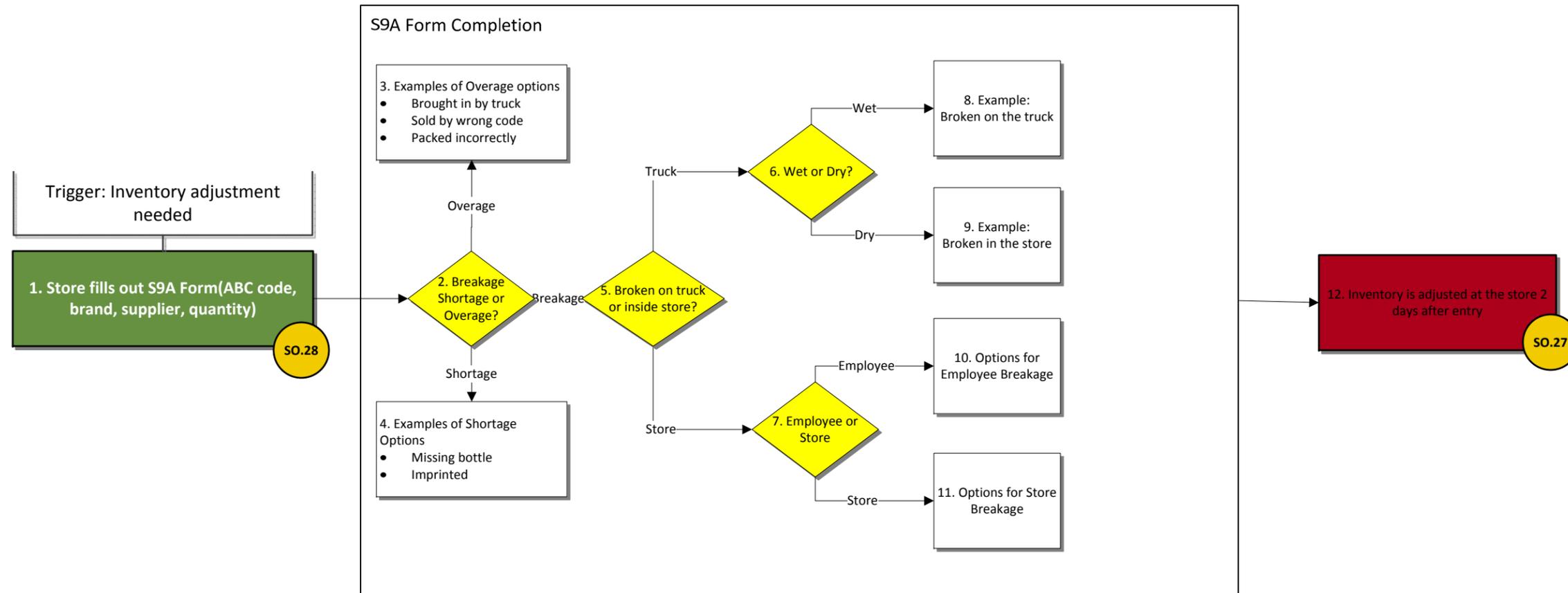
This process is used to report inventory adjustments such as overages, shortages, and damaged product. A S9A form is used for reporting, found in in the POS system. After the form is filled out, it is sent to NAVision during polling. An S9A form could be used when product may be over shipped or there may be a bottle missing from a case, in which case an employee would report the extra or missing bottle(s), or if a product is damaged in transit, before transit, or by an employee.

This process is triggered by the need for an inventory adjustment due to product breakage. When a claim is necessary, a store employee will fill out an S9A form using the AABC code, product brand, supplier, and quantity. An overage may be caused by things like extra product brought in by the truck, product sold by the wrong code, or product packed incorrectly. A shortage of product may be due to things like missing bottles or imprinted boxes, which means a bottle was missed during packing of the case or was stolen.

In the case of a damaged product, store employees determine where the bottle was broken: either on the truck or inside the store. If the item is broken on the truck, it must be determined if the item is wet or dry. If the item is wet then it was broken on the truck. If the item is dry, it is determined to have been broken before it reached the truck. If the item was broken in the store, it must be determined if it was broken by an employee. The S9A form is then completed accordingly. The process ends with the inventory adjusted at the store two days after claim entry.

An example of an overage or shortage that does not use the S9A form is an incorrect truck invoice. If the truck invoice is incorrect, an A58 entry is made in lieu of an S9A by NAVision when truck deliveries are posted at the end of the day.

Process Area	Process Detail
Trigger:	Unsalable merchandise and inventory correction
Predecessor Process:	None
Successor Process:	None
Systems Used:	NAVision, Triversity
Divisions Involved:	SOC, Stores, Accounting
Bottlenecks, Inefficiencies, Redundancies:	SO.27 It takes two days to make an inventory adjustment. SO.28 An S9A cannot be edited once started. If a S9A must be edited, the user must start over again.



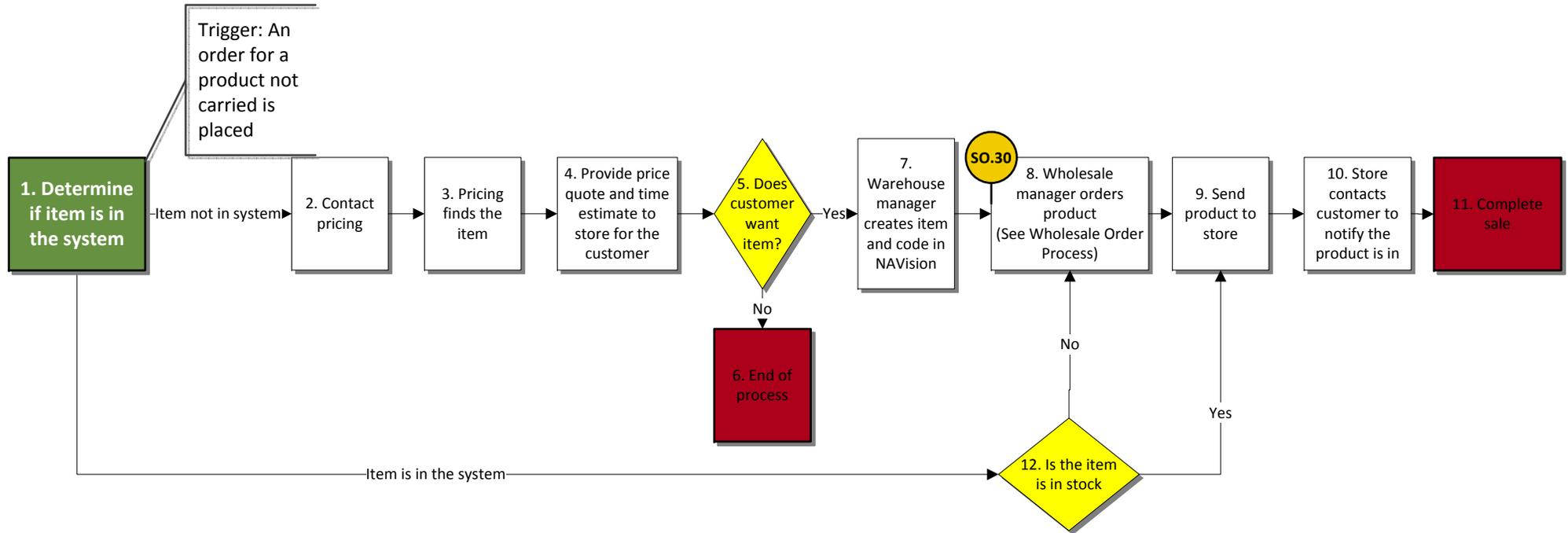
2.5.10 Process Special Orders

A special order is classified as an item that is not currently carried in stores by AABC. Special orders may be made for either retail or wholesale purchases. This type of order is placed through the AABC and processed as a sale; however, it is not processed until the requesting customer pays for it.

The business process is triggered by a customer ordering an item that is not carried in stores regularly. It must first be determined if the item exists in the POS system. If the item is in the system, it is then determined if it is in stock at the warehouse. If the item is not in stock, the wholesale manager orders the product. If the item is in stock, the product is sent to the store and the customer is notified when it arrives.

If a customer orders an item that is not found in the POS system, the Pricing division is contacted for product information. Pricing determines if the product is available from a vendor, and provides the price quote and time estimate of delivery to the store for the customer. If the customer decides that they still want the item, Pricing creates the item and its code in NAVision and then orders the product. When the product comes in, it is sent to the store for customer pick-up. When the product arrives, the customer is notified.

Process Area	Process Detail
Trigger:	An item is not in the system or does not have a listed retail or wholesale code
Predecessor Process:	None
Successor Process:	New product Listing, Add/Categorize New Product, Wholesale Request
Systems Used:	Triversity, NAVision
Divisions Involved:	SOC, Stores, Pricing
Bottlenecks, Inefficiencies, Redundancies:	SO.30 There is no backorder system, so staff must manually remember who made the order.



2.5.11 Process Wholesale Orders

Processing wholesale orders uses several technological resources, including Triversity, NAVision, in-house licensee system, and Alabama Interactive. At each store, licensees have a hand-written card that is used to keep track of licensee purchases and is signed each time a purchase is made. Licensees are required to have a license number to make purchases and there is a 10% discount on wholesale case purchases. (The 10% discount is applied only to whole cases, not to partial cases). Wholesale orders may be placed using the online ordering system and then picked up at an AABC store, or the order can be made in person at a store.

The process is triggered when a wholesale order is made via phone call, email, fax, or walk-in. The licensee twelve-digit license number is entered into the system, or a licensee look-up may be performed by phone number or last name. The system prompts for re-entry of the license number in order to verify it is the correct licensee. If the licensee is found in the system, the wholesale items for purchase are entered and are discounted automatically.

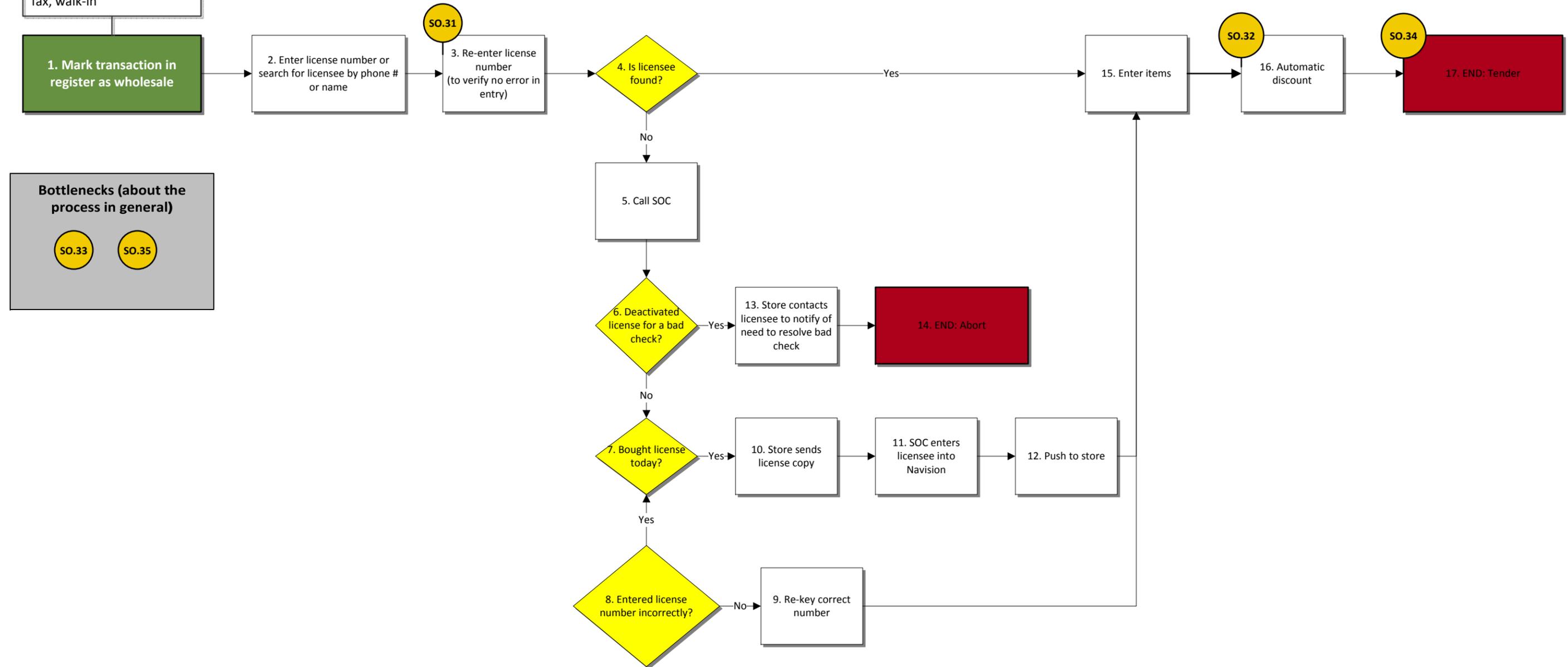
For a licensee that is not found in the system, the cashier must call SOC for support. In some instances, a license may have been deactivated for a bad check. If a license has been deactivated, the store must contact the licensee to notify them of the need to resolve the bad check and the process is aborted. If the license is not deactivated, the license may have been received that day. If the license was received that day, the store sends a license copy to SOC. SOC then enters the licensee information into NAVision and pushes it down to the registers.

If the license was not received that day, the cashier checks to make sure the license number was entered correctly. If it was entered incorrectly, the license number is re-keyed. Once the license number is found and is valid, the items are entered and the discount is automatically applied to the purchase.

Process Area	Process Detail
Trigger:	A wholesale order is made one of the following ways: <ol style="list-style-type: none"> 1. Call-in order 2. Email order 3. Fax order 4. Walk-in
Predecessor Process:	None
Successor Process:	None
Systems Used:	Triversity, NAVision, Licensee system (written in-house), Alabama Interactive (AI)
Divisions Involved:	SOC, IT, Store, Enforcement
Bottlenecks, Inefficiencies,	SO.31 The system requires that a license number be entered twice. If both entries do not match, the licensee information will not appear on

Process Area	Process Detail
<p>Redundancies:</p>	<p>the receipt. There is no prompt stating that numbers do not match.</p> <p>SO.32 If in the process of creating a licensee order a void is made, then line-by-line discounts will not display on the receipt.</p> <p>SO.33 In the POS system, real time information about licensees is not available. This causes problems if the licensee received their license and tried to purchase liquor on the same day. Current licensee information may also be purposefully made unavailable to the store by the central office if the licensee has been flagged for using a check with insufficient funds.</p> <p>SO.34 A sale may be dropped when validating a check, resulting in what is known as a “slip error”. There is no error prompt that a sale was dropped, so slip errors are not discovered until the end of day process is run on registers, and an imbalance appears between sales in checks recorded and the amount picked up by the supervisor.</p> <p>SO.35 The system does not allow a clerk to verify the names licensees authorized to purchase liquor on licensee accounts.</p>

Trigger: Wholesale order is made via: phone, e-mail, fax, walk-in



Bottlenecks (about the process in general)

SO.33 SO.35

2.5.12 Process Retail Sales

The AABC processes retail sales several ways at its stores. A customer may make a purchase via cash, payment card (Visa, MasterCard, Discover, and American Express), check, or on account (accounts are only used by a few select state agencies). Stores use NexCheck check verification service before processing retail sales paid for by check and TSYS as the merchant services company for sales paid by payment card. Some AABC stores process retail and wholesale sales; others are retail only; three stores are wholesale only. Wholesale checks are not verified by NexCheck.

The business process is triggered by a customer making a purchase. A bottle of liquor is scanned by a barcode reader or manually keyed into the system when ringing up sales at the register. The cashier scans the customer’s item to begin the transaction and the item is either found in the system or not. If the product is in the register, the item is either scanned or the product number or code can be keyed manually. If the item is not found in the system, it must be determined whether or not the item exists in the system. If the item does not exist in the system, the cashier must call SOC. Pricing will then update the system with the missing item information and then SOC pushes down the changes to the POS system. Once the item is scanned or manually entered into the system, the transaction is tendered. The cashier chooses the correct payment type key in order to tender the transaction.

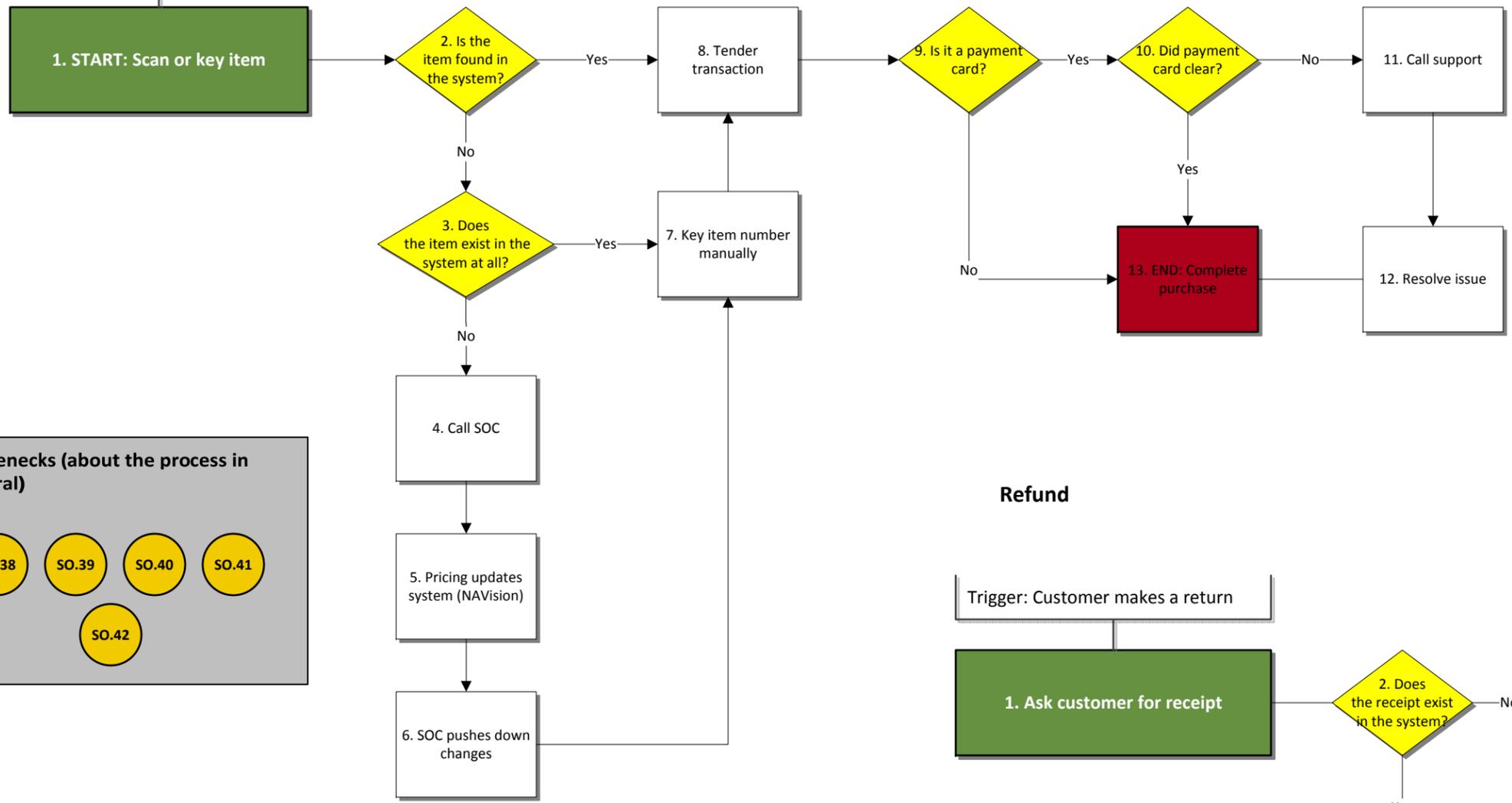
Customers may choose to pay by payment card. Payment cards can be swiped without hitting the tender key. Payment cards may also be manually processed. If the payment card does not process, the cashier must call IT support to resolve the issue. The issue may be anything from an internet connection being down or the payment card provider’s server being down. Once the issue is resolved, the transaction is complete.

A sub-process of processing retail sales is processing a refund. A refund is allowed when there is a receipt available or a record of the purchase in the system. The process is triggered when a customer wants to return an item to the store. If the receipt can be retrieved from the system, it is scanned or manually looked up using the terminal. The adjustment is then made and the correct tender is entered for the refund. If the receipt can be retrieved from the system and it is discovered that multiple products were added using the quantity key and the number of items need to be adjusted, a manual refund will need to be processed. If the receipt cannot be retrieved from the system at all, a manual refund is processed. For a manual refund, any discounts on the transaction will be calculated manually.

Process Area	Process Detail
Trigger:	A customer wants to make a liquor purchase
Predecessor Process:	None
Successor Process:	None

Process Area	Process Detail
Systems Used:	Triversity, DBS- Gateway, TSYS- Payment cards, NexCheck (check verification system), NAVision
Divisions Involved:	SOC, Stores
Bottlenecks, Inefficiencies, Redundancies:	<p>SO.36 Refunds can be problematic if a “quantity” key is used to sell the original item that needs to be refunded. For instance, if the customer ordered four cases and wants to return just one and the quantity key was used to tender all four items at once in the original transaction. In this case, all four items would have to be removed from the transaction and three cases would need to be re-added.</p> <p>SO.37 When performing a refund for a licensee, the cashier has to manually discount items that are to be refunded to match the original selling price.</p> <p>SO.38 Price inquiries cannot be done during a licensee transaction, or from a register setup to do only licensee transactions.</p> <p>SO.39 When a licensee transaction is accidentally begun as a retail transaction, the cashier will have to abort the entire transaction to perform a discounted wholesale transaction for a licensee.</p> <p>SO.40 When voiding items during a transaction, the voided Items don't show up on the screen until the transaction is tendered.</p> <p>SO.41 Cashiers are able to create a cash pick-up (take cash out of the drawer to put into the safe) for zero dollars, which will open the drawer and will not show up on the exception report. This is a security issue. Any transaction that opens the cash drawer without tendering should be recorded on the exception report.</p> <p>SO.42 A sale may be dropped when validating a check, resulting in what is known as a “slip error”. There is no error prompt that a sale was dropped, so slip errors are not discovered until the end of day process is run on registers, and an imbalance appears between sales in checks recorded and the amount picked up by the supervisor.</p>

Trigger: Customer makes a purchase



Bottlenecks (about the process in general)

SO.38

SO.39

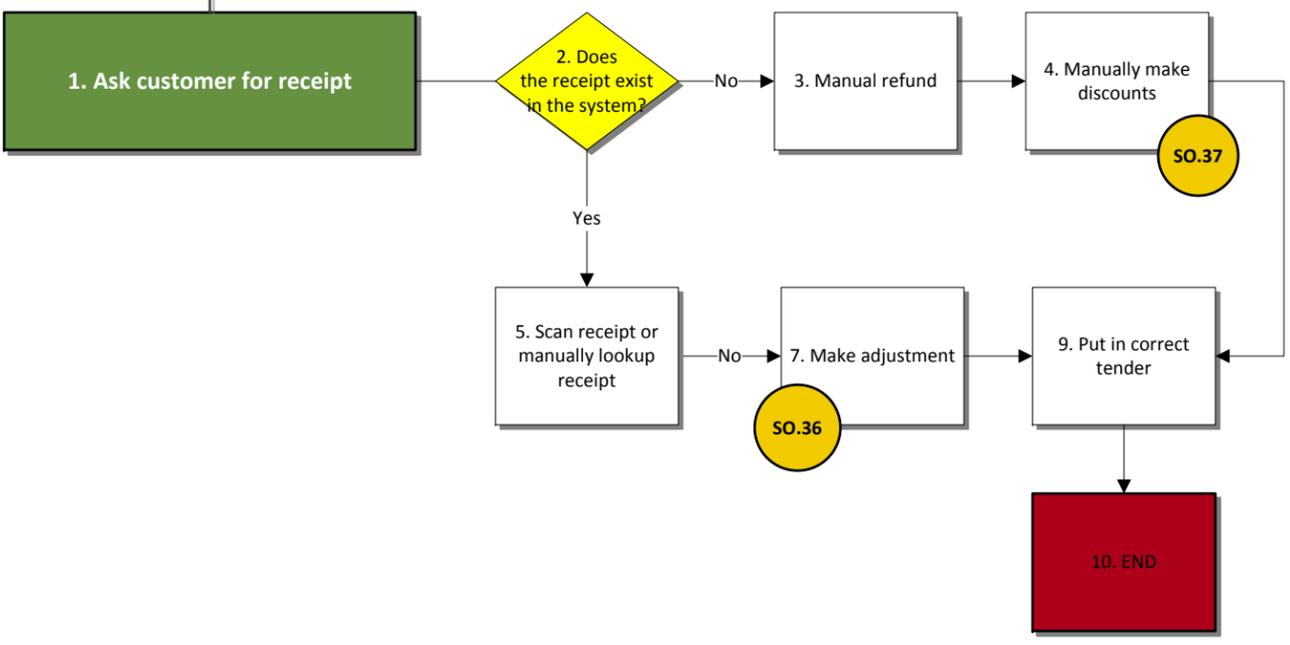
SO.40

SO.41

SO.42

Refund

Trigger: Customer makes a return



2.5.13 Conduct Beginning and End-of-Day Processes on Registers

The AABC conducts a beginning of the day process at the registers to prepare the registers to receive transactions. The AABC conducts an end-of-day process on the registers to count all the money received during the day and reconcile any imbalances for reporting to the central office so that totals can be reported.

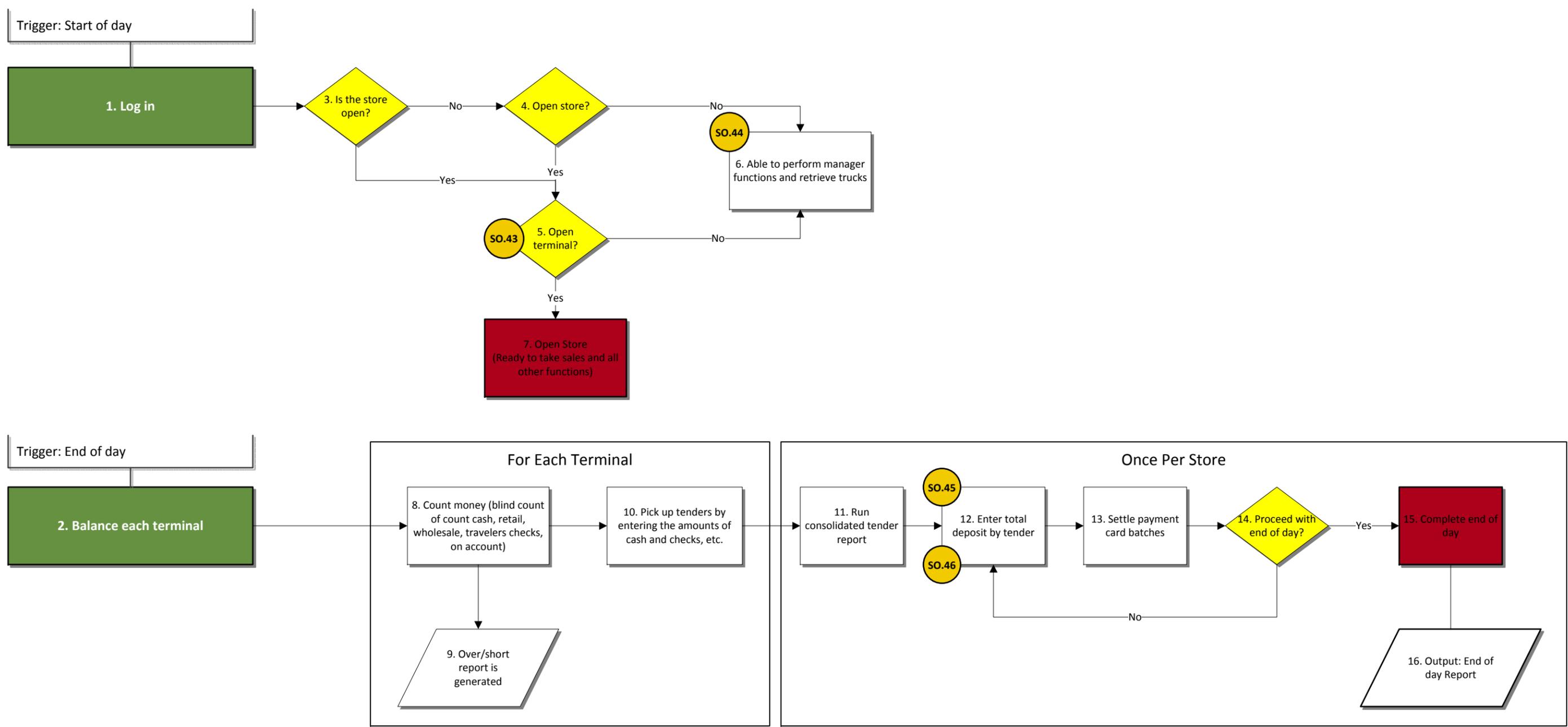
To begin the day, the cashier logs in to the system. If the store has not been opened in the register system, normal store operation occurs. The exception occurs when the store manager simply needs to access manager functions prior to the opening of the store. In this case, they will not be able to process sales until the store and terminal are opened. After the store is opened, each terminal must be opened as well.

At the end of the day, each terminal is balanced. Each terminal must have its money counted, which is a “blind” count of cash, retail, wholesale, travelers check, and account transactions. In a blind count, the cashier is not given the total expected tender prior to counting and reporting the actual tender in the drawer. An over/short report is generated after the money has been counted. The tenders are picked up by entering the amounts of cash and checks, etc. into the register. A tender pickup resets the register cash on-hand balance. All secondary registers must be closed before the end-of-day process is completed on the primary register. This is so that sales files and information will be included in combined the sales and information file for the entire store.

After all tenders are counted and picked up, once per store, a consolidated tender report is run. The totals are entered into the system by tender type. Payment card batches must then be settled. The cashier must then decide if they want to proceed with the end-of-day process. If they do not want to proceed, they will have to go back and re-enter total deposits by tender type. If they do proceed with the end-of-day process, they complete the process by the automatic production of an end-of-day report.

Process Area	Process Detail
Trigger:	Begin the day: To begin the day, the cashier logs in to the system End the day: Balance terminal - each register does a balance terminal
Predecessor Process:	Process Retail Sales, Receive Inventory
Successor Process:	Process Retail Sales, Receive Inventory
Systems Used:	Triversity
Divisions Involved:	Stores, IT (if an issue)
Bottlenecks, Inefficiencies, Redundancies:	SO.43 The process of setting up the registers to accept cash for the day has redundancies because AABC employees have to both open a terminal and open a store.

Process Area	Process Detail
	<p>SO.44 The system is not currently setup to have different permissions for cashiers and managers. Cashiers can perform any functions that managers can perform. This is set up so if a manager is out, the cashier will still be able to perform those functions, but this does create security concerns.</p> <p>SO.45 A manual work around is required for the end of day process to complete if “enter deposit” is selected in the register by mistake.</p> <p>SO.46 There is no way to undo an error in which a store employee claims more money in the deposit during the end of day process in the register than they meant to. This will require a manual adjustment at the central office.</p>



2.5.14 Collect Tax for Products Not Sold by AABC

The AABC collects tax on any alcohol (wine, beer, and spirits) purchased outside of the state. It is illegal to possess alcohol that is not purchased in the state of Alabama or has not had tax paid to the AABC. Wine represents the majority of purchases brought into Alabama from outside of the state because of the advent of wine tours and online wine clubs.

Military personnel who return from service in other regions or nations also represent a significant portion of alcohol purchased out of state. Military personnel pay a different tax rate than the civilian tax rate for alcohol purchased out of state. New residents in possession of alcohol who move to Alabama from other states are also responsible for paying tax on alcohol brought into the state.

Wine and beer tax is calculated based on volume. Tax on spirits is calculated based on the type of liquor and on a percentage of the original purchase price if the customer has the original receipt. If the customer does not have the original receipt, then there is a standard calculation based on the type of spirit and the volume purchased. The standard tax on wine is .38 cents per liter.

This process is triggered when a person either desires to purchase alcohol out of the state, or brings alcohol purchased out of the state into Alabama. If the person is making a purchase out of state, they must have the alcohol shipped to an AABC store of their choice along with direct import authorization form. The person must go to the AABC website and download and fill out the direct import authorization form to be shipped with the product. This form includes the customer's information, the product quantity and information, the shipping point of origin, and AABC store information.

When the alcohol arrives at the AABC location with the direct authorization form, if the alcohol is a spirit, the AABC store contacts the central office which calculates the total tax; if the alcohol is wine or beer, the store calculates the tax. Then the AABC store contacts the person who made the purchase using the information on the included direct authorization form and lets them know that their alcohol arrived and the total tax that is due.

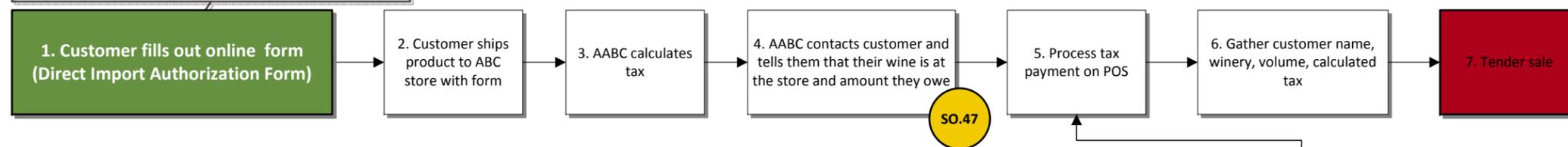
When the customer arrives to pick up the alcohol, payment is made through the POS system. The clerk gathers the customer's name, winery or brand name, volume of alcohol, and calculated tax.

Process Area	Process Detail
Trigger:	Alcohol not purchased in Alabama is brought into Alabama
Predecessor Process:	None
Successor Process:	Accounting
Systems Used:	Triversity, State's Accounting System

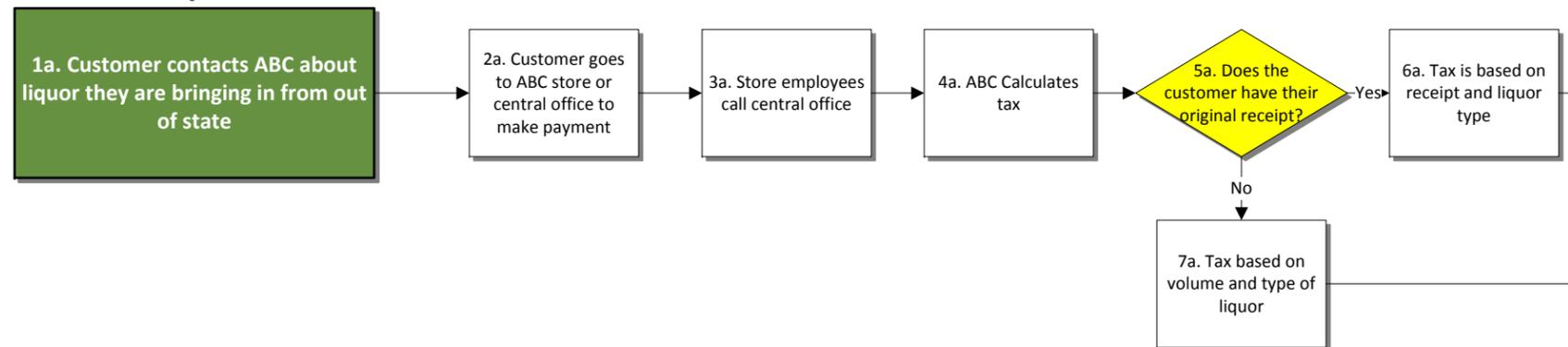
Process Area	Process Detail
Divisions Involved:	Stores, SOC, Accounting, Product Management
Bottlenecks, Inefficiencies, Redundancies:	SO.47 AABC store employees have to call the central office for the calculation of liquor taxes for liquor purchased outside the state of Alabama, rather than being able to calculate it using the register.

Wine & Beer

Trigger: Alabama resident brings alcohol into Alabama.



Liquor



2.6 Personnel

The Personnel division handles and manages all matters related to AABC staffing. This includes benefits management, payroll, training, discipline, and regulations related to the management of personnel.

The AABC is a pilot agency for a new time and attendance tracking system. The State has awarded a new time and attendance tracking system to Kronos systems, and it is expected to go live on October 1, 2013.

List of Personnel Business Processes	
Process Number	Process Name
2.6.1	Employee Time Keeping

Table 2.6: Personnel Business Processes

2.6.1 Employee Time Keeping

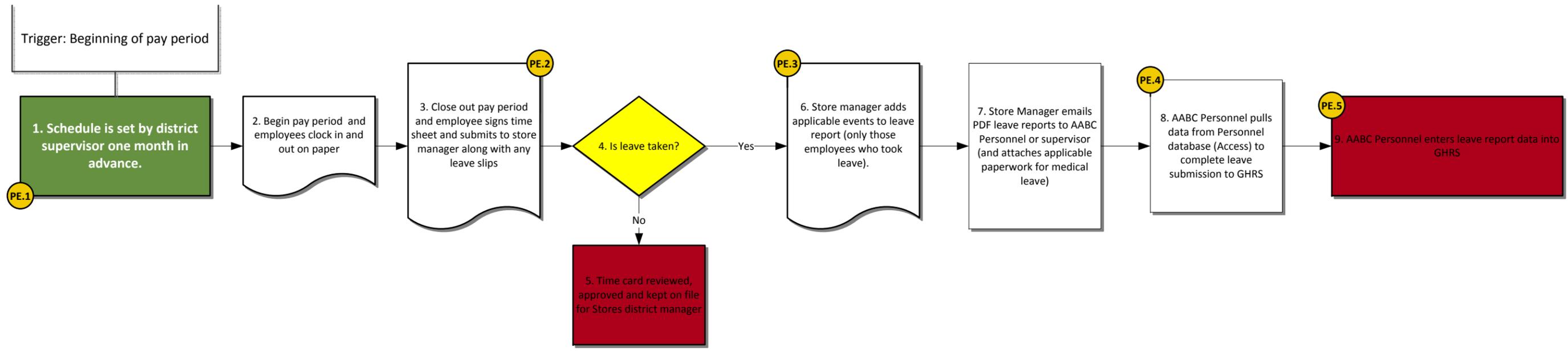
AABC store and warehouse non-exempt employees are required to log their hours worked on a paper time sheet. Store and warehouse employees are paid semimonthly and in arrears, meaning that paychecks are lagged one pay period. Employees requesting leave for any reason must have written approval from their manager in the form of a leave slip.

The process begins when the work schedule is set by the stores district manager one month in advance. The pay period commences and employees log in and out on paper. When the pay period closes, employees sign their time sheets and submit to the store (or warehouse) supervisor with any completed and signed leave slips. The paper time sheet is reviewed and approved (ultimately) by the store (or warehouse) supervisor. The paper time sheet is filed at the store where the employee works or at the warehouse whether or not leave is taken.

If leave is taken, the store (or warehouse) manager adds applicable leave to the leave report. Leave taken or earned (compensatory time or holiday) is reported on the leave report, but no medical documentation is attached to it. The store manager will email a leave report in PDF format to Personnel (applicable medical leave paper work is attached). A Microsoft Access database is utilized to look up employee's full SSN. Only the last four digits are provided on the leave report. That updated data is then entered directly in the state's Government Human Resources System (GHRS) and the process ends.

Process Area	Process Detail
Trigger:	End of the pay period
Predecessor Process:	Employee Hiring/Onboarding
Successor Process:	Payroll

Process Area	Process Detail
Systems Used:	GHRIS, Personnel Database (Access), AABC Website (employee section)
Divisions Involved:	Stores, Warehouse, Personnel
Bottlenecks, Inefficiencies, Redundancies:	<p>PE.1 The Fair Labor Standards Act (FLSA) schedule (which is bi-weekly) does not match with the AABC’s semi-monthly pay period, causing leave balance problems due to employees earning compensation time based on one calendar while accounting for that balance in another.</p> <p>PE.2 The lag in updating leave balances results in employees trying to take vacation time when they do not have it.</p> <p>PE.3 For workers compensation purposes, a supervisor is required to submit time for those injured and on two-thirds wage replacement. This is done on a separate, weekly time schedule.</p> <p>PE.4 There is a lag in updates to the AABC personnel/staff roster in GHRIS. It is possible that staff beginning employment with the AABC will not appear as AABC staff in GHRIS for up to two weeks after beginning employment.</p> <p>PE.5 Multiple levels of supervisory review are required when leave is requested.</p>



2.7 Audit

The Audit division is responsible for audits of the records of all beer and wine wholesalers and all AABC stores. Audit is also responsible for physical inventories of the warehouse and AABC stores as well as internal audits. The Audit division has about 13 staff and is headquartered in Montgomery.

List of Audit Business Processes	
Process Number	Process Name
2.7.1	Conduct Physical Inventory of Warehouse
2.7.2	Conduct Physical Inventory of Wholesalers
2.7.3	Store Audit <ul style="list-style-type: none"> • Conduct physical inventory of stores • Audit cash receipts, procedures and equipment
2.7.4	Audit Beer and Wine

Table 2.7: Audit Business Processes

2.7.1 Conduct Physical Inventory of Warehouse

Audit performs a warehouse inventory at the end of every fiscal year, September 30, and four to five additional times throughout the year. The process has five steps or phases: preparation for inventory, the day before inventory, the day of inventory, the day after inventory, and post inventory.

This process begins when Audit schedules the inventory and notifies staff involved including the auditors, the administrator, IT, and the warehouse. Auditors then divide the warehouse into sections and print location codes for each section. The date of the inventory is added into NAVision. Adding the date causes the system to stop processing AABC-owned inventory from that date until the inventory is complete. Bailment inventory will continue to process as usual.

On the day before inventory is conducted, audit creates an empty batch, which is a copy of inventory, to store as a future backup copy. Audit also marks this batch as a training batch so it is not picked up by the system and processed. On the day before the inventory, audit verifies that the following manual procedures are performed prior to inventory:

- The product manager has approved all products received.
- The warehouse has received all deliveries.
- The warehouse has all shipments marked shipped.
- The Product Management team does not post sales to military and superstores during inventory.

On the day of inventory, the system calculates physical inventory counts and loads the inventory batch, which combines bailment and AABC-owned inventory for counting. After the batch is loaded to the system, audit places location codes on bins in the warehouse. One auditor and one warehouse personnel count inventory in each section previously set up. After the inventory is counted, a variance report is run and the biggest variances are recounted. The final step on the day of inventory is to check for paperwork problems that may allow for easy corrections to inventory and make the corrections in NAVision. Corrections post overnight.

In the morning, audit runs the re-calculation process using the CK30 handheld device, which updates all corrections from the previous day. After this, a variance report ordered by bin location is run in NAVision and any items that have a variance are recounted and corrections are made as needed.

A variance report sorted by AABC code is run in NAVision and another recount is performed and corrections are made as needed. If the auditor is not satisfied that the inventory is accurate, a variance report sorted by AABC code is rerun, items are recounted, and corrections are made until the auditor is satisfied that all possible corrections are completed. At this point, a final physical inventory count by code report and a warehouse inventory at cost report is run. Audit copies all the inventory data to the previously created empty batch as a backup.

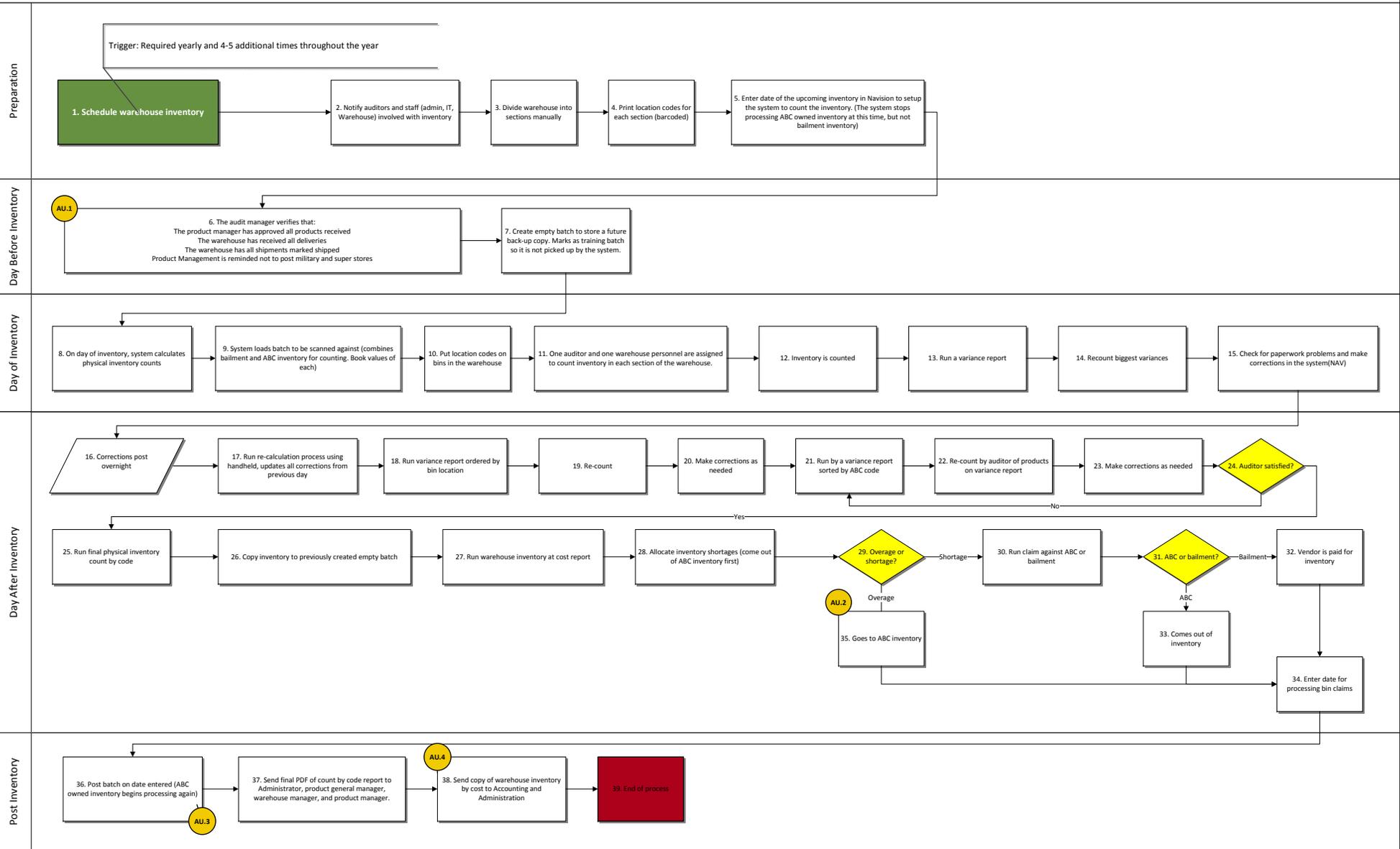
Inventory adjustments are then allocated. If there is an overage in inventory, it transfers to AABC-owned inventory. If there is a shortage and there is excess AABC-owned inventory, AABC-owned inventory is reduced. If there is no AABC-owned inventory, a claim is processed to pay the vendor for the missing inventory. A date is entered for processing bin claims and a post date is entered. This allows AABC-owned inventory to continue processing. Because of some problems with the existing system, the postdate must be scheduled for Sunday.

A final PDF report of count by product code is sent to the AABC Administrator, Product General Manager, Warehouse Manager, and Product Manager and a copy of warehouse inventory by cost is sent to Accounting and the Administrator.

Process Area	Process Detail
Trigger:	Four to five times a year, and at fiscal year-end
Predecessor Process:	None
Successor Process:	None
Systems Used:	NAVision, Email, Excel
Divisions Involved:	Warehouse, Audit, Product Management, Administration, Accounting
Bottlenecks, Inefficiencies, Redundancies:	AU.1 There are many processes that need to be halted in order to get an accurate inventory count. This requires a lot of manual verification that those processes are halted before beginning inventory counts.

Process Area	Process Detail
	<p>AU.2 When there are inventory shortages in the process of counting the warehouse, the system is supposed to prioritize inventory shortages from AABC-owned inventory first, before reducing bailment inventory. The system does not always prioritize correctly, which requires AABC staff to double check for errors.</p> <p>AU.3 Warehouse inventory count changes have to post on the Sunday following inventory. If changes are posted during the week, it causes inaccurate inventory counts to be sent to Accounting.</p> <p>AU.4 Accounting has to manually enter inventory by cost information.</p>

ABC Warehouse



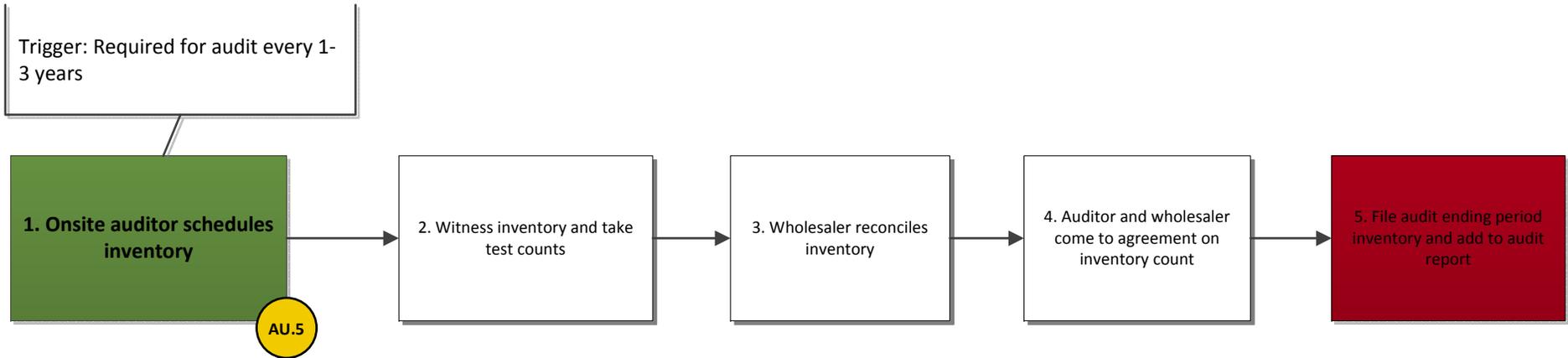
2.7.2 Conduct Physical Inventory of Wholesalers

The AABC audits liquor wholesaler inventory in the state of Alabama to ensure that all inventory is properly taxed and sold through legal channels. The purpose of a wholesaler audit is to verify an inventory at a wholesaler’s location and receive a certified inventory count. All inventory is reconciled from the beginning to the end of the period by the wholesaler and used by AABC as the period inventory. Wholesalers are usually audited every one to three years.

The purpose of a wholesaler audit is to verify all inventory at a wholesaler’s location and receive a certified inventory count. An inventory count period is the time from one inventory count to the next. This process begins when the on-site auditor schedules the date of the inventory audit. The inventory count is witnessed by the auditor and the auditor takes random counts of product. The auditor reconciles inventory by using the count from the last audit. Then the auditors add shipments received, subtract shipments sent, and subtract any breakage or giveaways. This gives the auditor a final count that should match the current inventory at the wholesaler.

The auditor ultimately comes to agreement with the wholesaler on inventory count. AABC files the audit ending period inventory using an ending inventory book. The ending inventory is then added to audit report, which is the final report produced by audit with their findings.

Process Area	Process Detail
Trigger:	Calendar, every 1-3 years
Predecessor Process:	None
Successor Process:	None
Systems Used:	Word, Excel
Divisions Involved:	Audit
Bottlenecks, Inefficiencies, Redundancies:	AU.5 The scheduling of wholesale audits is a manual process.



2.7.3 Store Audit

Every AABC store in Alabama is audited on a regular basis. Depending on the historical accuracy of the inventory and cash, some locations receive an audit more often than others. The store audit is typically performed when a new manager is hired, when there is an issue, or at minimum, once every one to two years. The audit process has two sub-processes; a full inventory count of the store to insure accuracy and an audit of cash receipts, procedures, and equipment.

The store audit process starts when audit schedules an audit date. When the date is scheduled, the SOC inventory manager enters the date into NAVision, which creates a batch (counting area) for the inventory count. If the inventory count is being performed in the morning, the store manager will delay opening procedures until inventory is complete. If the inventory count is being performed in the evening, inventory is counted after the store is closed and the end-of-day process is complete.

Auditors begin the inventory count by setting up sections in the store using post it notes. These sections are named logical areas of the store such as “vodka” or “bourbon” that help auditors identify the quantity counted when a product is found in multiple sections of the store.

All counts are performed on CK30 handheld scanners, and the first step is to enter the location number on the handheld. Before a section is counted, the section name is entered and all following barcodes scanned will be counted and included in that section.

When the entire inventory is counted, a variance report sorted by AABC code is requested on the handheld, which is printed from the master terminal in the store. Variances are then recounted, corrections are made, and another variance report is run. If the auditor is satisfied that all possible inaccuracies have been rectified, the auditor turns the variances over to the manager for review. If the auditor is not satisfied, a variance report is rerun, recount is performed, and corrections made until the auditor is satisfied. At the completion of the manager’s review, the manager may request a recount of individual variance items. This process continues until the auditor and the manager agree on the final count.

When all counts are complete, all variances are posted, which adjusts the store inventory. The final variance report is emailed to the AABC Administrator, Enforcement, the store director, and Product Management.

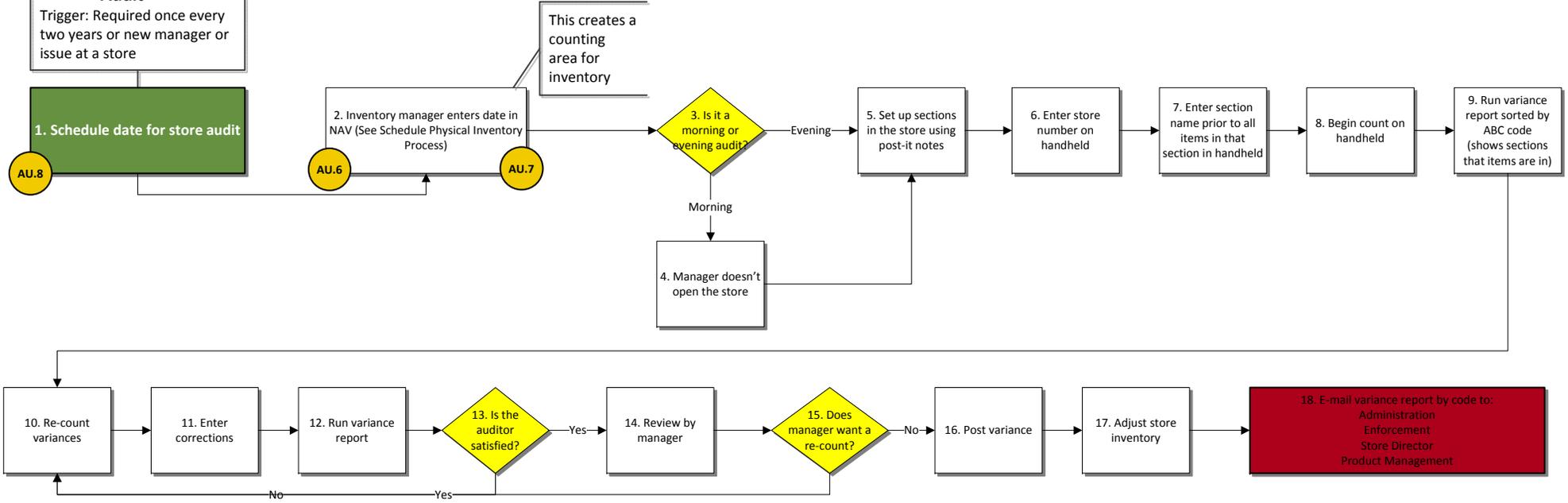
During the store audit process, the auditor also audits cash receipts, procedures, and equipment. The auditor begins this sub process by counting all the cash in the store including the change fund, petty cash, and the day’s receipts. Audit then fills out paperwork with any overage or shortage, checks the end-of-day report and deposit slips, and records the last 15 days on a work paper. If daily deposits are not being made, the manager is notified that AABC policy is to make daily deposits.

The Audit division brings to the audit a list of equipment in the store that is received from the AABC equipment manager. If there is any new equipment or exchanged equipment that is not recorded on the equipment list, the auditor records the asset number to give to the equipment manager. If there is any missing equipment, the auditor reports this to the stores division manager. Finally, all the information from the audit and any notes from the auditor are compiled into an audit report and placed on file in the audit office.

Process Area	Process Detail
Trigger:	Calendar: required once every two years, new manager, or issue at the store
Predecessor Process:	None
Successor Process:	None
Systems Used:	CK30s, Triversity, Email, NAVision
Divisions Involved:	Audit, Stores Division, SOC, Administrator, Enforcement, Product Management
Bottlenecks, Inefficiencies, Redundancies:	<p>AU.6 The system requires that a warehouse inventory count must be scheduled before counting of store inventory. Correct store inventory counts cannot be performed until this step has occurred.</p> <p>AU.7 The AABC is required to enter a store's inventory count date at least a day ahead of time because of the timing of the physical inventory batch creation. This creates a potential for stores to hear about an upcoming audit before the auditors arrive. This is a security issue.</p> <p>AU.8 CK30s often have connectivity issues and make audits difficult or cause inaccurate variances.</p>

Store Audit – Inventory Audit

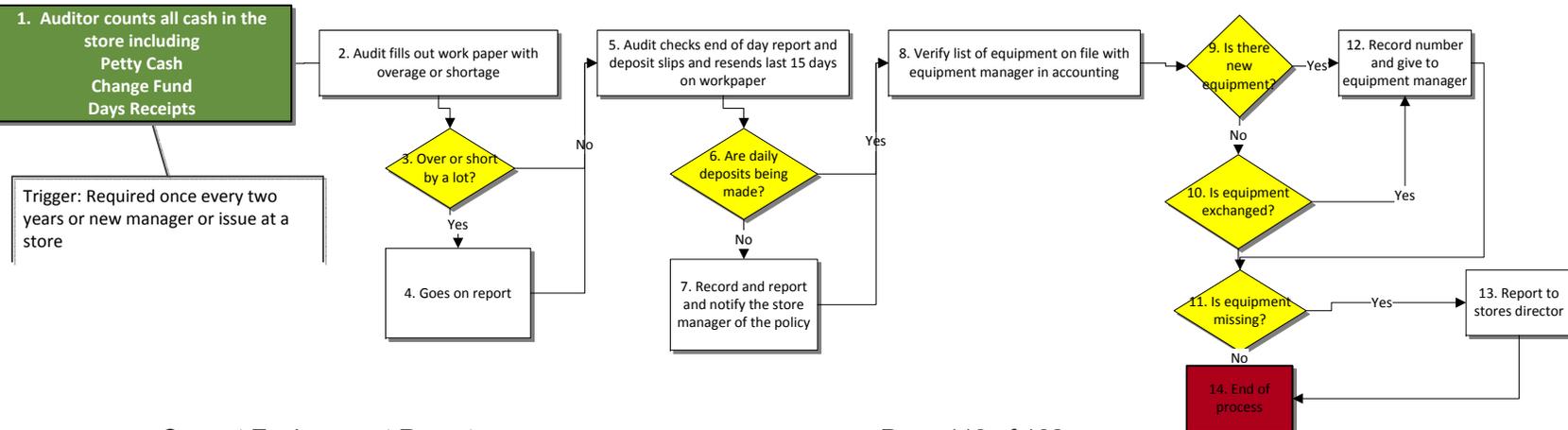
Trigger: Required once every two years or new manager or issue at a store



Store Audit – Audit Cash receipts, procedures and equipment

1. Auditor counts all cash in the store including Petty Cash Change Fund Days Receipts

Trigger: Required once every two years or new manager or issue at a store



2.7.4 Audit Beer and Wine

AABC collects tax on all beer and wine received by wholesalers in the state of Alabama. All product shipped to that wholesaler is tracked and that wholesaler is taxed based on all wine and beer received from a licensed importer or manufacturer.

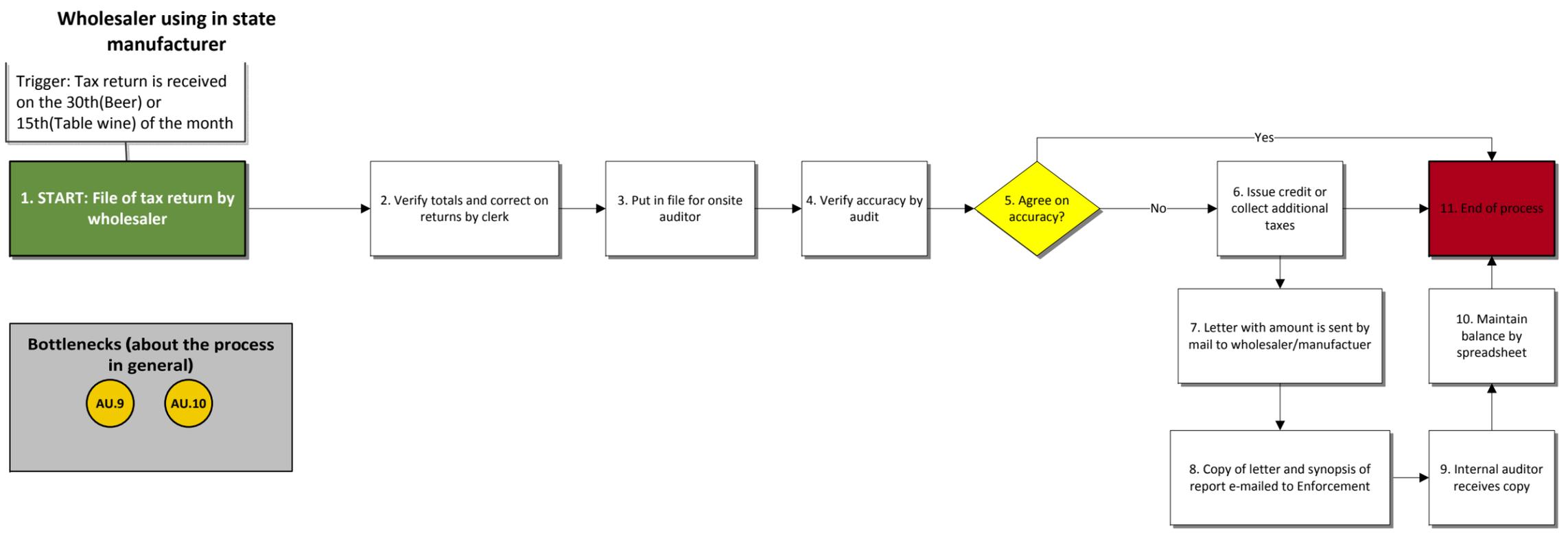
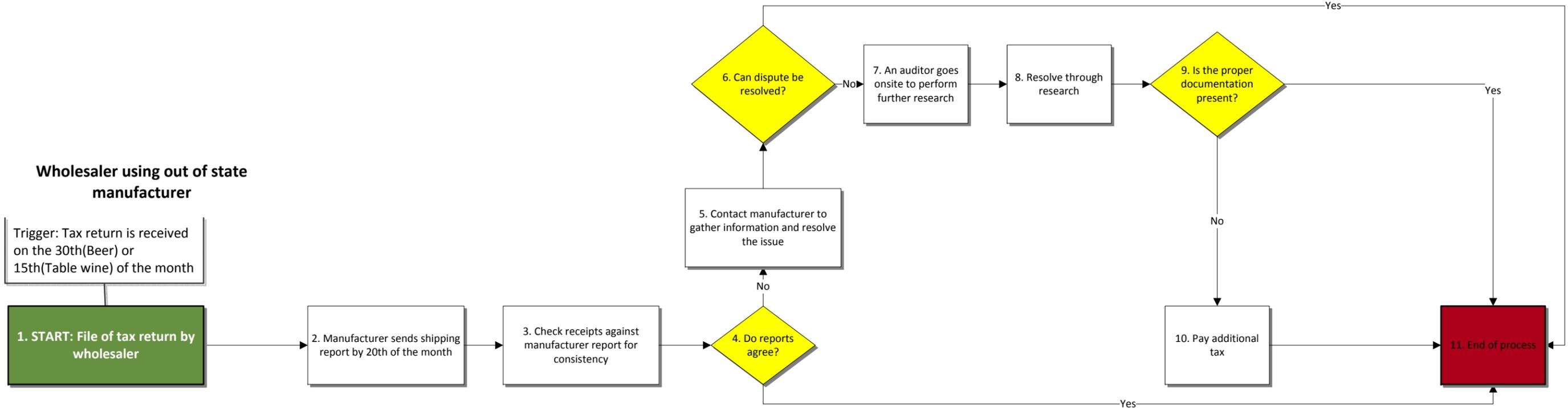
In-state manufacturers pay taxes on beer and wine produced that is sold or provided as samples and tastings to consumers on-site.

AABC receives monthly tax returns from all beer and wine wholesales. Beer and wine tax returns are due on different days of the month; beer is due on the 30th and wine is due on the 15th. Some manufacturers can sell wine directly to residents of Alabama, so they also submit to AABC tax returns. AABC uses seven auditors across the state to audit beer and wine wholesalers (see “Conduct Physical Inventory of Wholesalers”). The licensees are required to keep all documentation concerning the alcoholic beverages for a period of three years.

The Audit process begins when a tax return is filed by the wholesaler. AABC compares wholesaler receipts against the manufacturer report of shipments to make sure they agree. The manufacturer sends the AABC a shipping report by the 20th of the month. If the reports agree, the desk audit ends. If the reports do not agree, it must be determined whether or not the dispute can be resolved by gathering further information from the manufacturer or the wholesaler. If it cannot be resolved, the on-site auditor will resolve the issue at the on-site audit. A clerk verifies totals on the return submitted by the wholesaler and then put it into a file for the on-site auditor. When the auditor conducts an on-site audit all documentation supporting the tax returns is reviewed for accuracy and compliance with Title 28 Code of Alabama (1975) and the Alabama ABC Rules and Regulations. If the proper documentation is present, the issue is resolved. If the documentation is not present, additional tax or tax credit is levied when the on-site work is complete a report is written that details the audit findings and recommendations and sent to the Audit Manager. If the Audit Manager agrees with the findings and recommendations, a letter or email is sent to the wholesaler summarizing the findings and recommendations and notifying the wholesaler of additional tax or credit. A copy is sent by email to the Administrator and the Enforcement Division for any further action deemed necessary.

Process Area	Process Detail
Trigger:	Tax return is received on 15 th (Table Wine) or 30 th (Beer) of the month.
Predecessor Process:	None
Successor Process:	Enforcement and Accounting
Systems Used:	MS Excel, Email, MS Word
Divisions Involved:	Audit, Accounting, Enforcement

Process Area	Process Detail
Bottlenecks, Inefficiencies, Redundancies:	AU.9 It is difficult to get wholesalers to file tax returns on time. AU.10 The entire process of auditing wholesalers is manual. A document management system may assist in automating some tasks in this process.



Bottlenecks (about the process in general)

AU.9

AU.10

2.8 Accounting

The Accounting division of the AABC is responsible for accounting for all revenues and expenditures of the AABC. This includes sale of liquor, warehouse bailment charges, licensee fees, taxes, and penalties assessed against licensees that violate state law. Accounting also manages the purchase of all non-liquor payments, such as vehicles, store cleaning contracts, supplies, and uniforms. Accounting disburses revenue to all state departments and localities that, by law, are entitled to share the revenue generated by the AABC. They also oversee property management, equipment inventories, and mail room operations. Accounting has about 13 staff.

List of Accounting Business Processes	
Process Number	Process Name
2.8.1	Generate Vendor/Supplier Purchase Orders
2.8.2	Reconcile Payment Cards
2.8.3	Reconcile General Ledger
2.8.4	Disburse Revenues
2.8.5	Account for Non-Store Revenues (enforcement fees, license fees, etc.)
2.8.6	Order Non-Liquor Supplies Through the Registers

Table 2.8: Accounting Business Processes

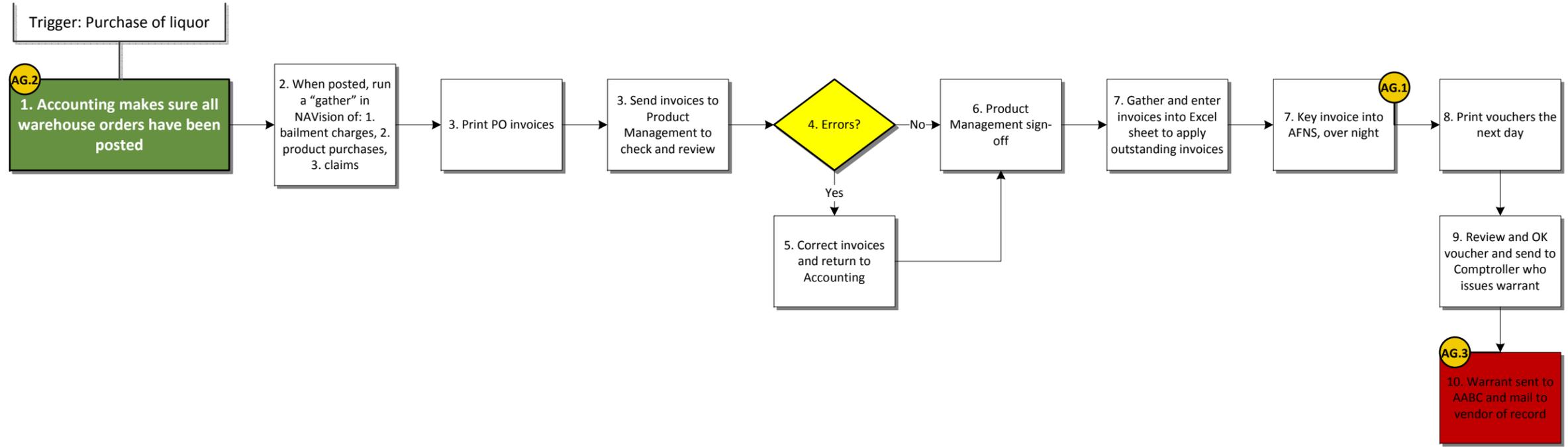
2.8.1 Generate Vendor/Supplier Purchase Orders

Accounting is responsible for paying invoices for liquor product purchased by the AABC from vendors. Because Alabama is a bailment state, product is purchased when it is put on a truck at the warehouse and sent to the retail stores. POs are paid on a 30-day cycle. Accounting follows a different process for purchasing non-liquor product, such as office supplies and vehicles, or services such as janitorial services.

The process begins when Accounting determines that all warehouse orders have been “posted” (i.e., the product shipment has been recorded) for a month. Sometimes, orders are delayed for administrative reasons and thus there is a delay in posting. When all charges are posted, Accounting will gather or compile bailment charges, product purchases, and claims for each vendor for the month. POs are printed and sent to Product Management for review and confirmation that they are correct. Corrections, if any, will be made and returned to Accounting. Accounting will gather or batch them into an Excel sheet where outstanding invoices will be applied. Accounting staff will enter the invoices into Advantage Financial Standard (AFNS, the State of Alabama’s financial accounting system), and updates to that system will be run

overnight. Vouchers are printed the next day, reviewed, and sent to the State Comptroller. The Comptroller will issue payment via a warrant. Payment is issued to the vendor of record.

Process Area	Process Detail
Trigger:	End of the month
Predecessor Process:	Replenishment Process / Special Order Process / Wholesale
Successor Process:	None
Systems Used:	NAVision, BevPro/RapidRoute, TSYS
Divisions Involved:	Accounting, Product Management (Purchasing)
Bottlenecks, Inefficiencies, Redundancies:	<p>AG.1 Accounting has to manually rekey invoices into AFNS. This includes invoice totals from military sales.</p> <p>AG.2 Accounting must wait until Product Management has posted all warehouse orders.</p> <p>AG.3 It is difficult to determine the vendor of record.</p>



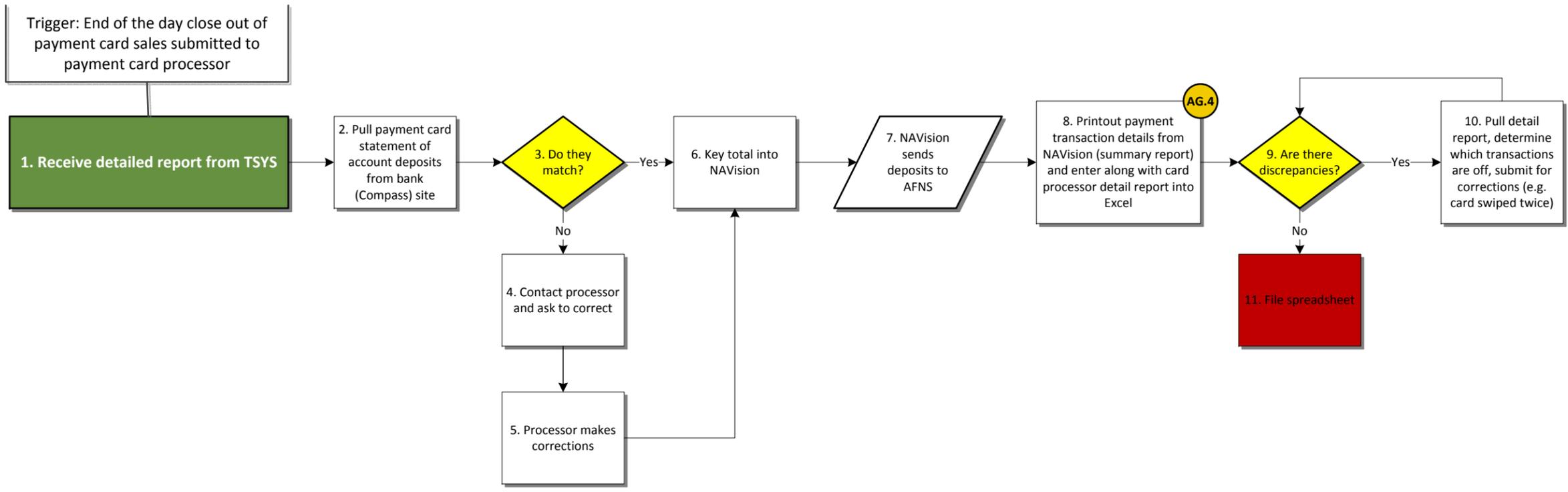
2.8.2 Reconcile Payment Cards

AABC accepts credit cards, but not debit cards, for purchase of liquor. There are two processors for the AABC as of this writing: Total System Services, Inc. (TSYS) for Master Card, Visa, and Discover; and American Express to process their own cards. Payment card payments are reconciled by Accounting every day so that the AABC and the AABC's bank record of payment matches TSYS and American Express statements.

The process begins when a transaction level detail payment card report is received from TSYS and American Express via email. A detailed statement of payment card payments is pulled from the Compass (AABC bank) E-access site. The two reports are compared. If the transactions do not match, Accounting will contact the processor to make a correction. Once corrections are made or if no discrepancies are found, Accounting staff will key payment card deposits into NAVision. NAVision will generate a daily deposits report and transmit the record of deposit to AFNS as part of the deposits process (See section 2.5.4).

Accounting will then pull a payment card activity summary report from NAVision and enter it, along with the TSYS detail report, into an Excel sheet. The amounts in both reports will be compared. If there are discrepancies (e.g., a card was swiped twice), then Accounting will pull a detail report, determine which transactions are off, and submit for corrections. Ultimately, corrections will be reconciled with TSYS or American Express and filed away. The process reconciles what the processor thinks was charged against what sales the AABC has record of doing.

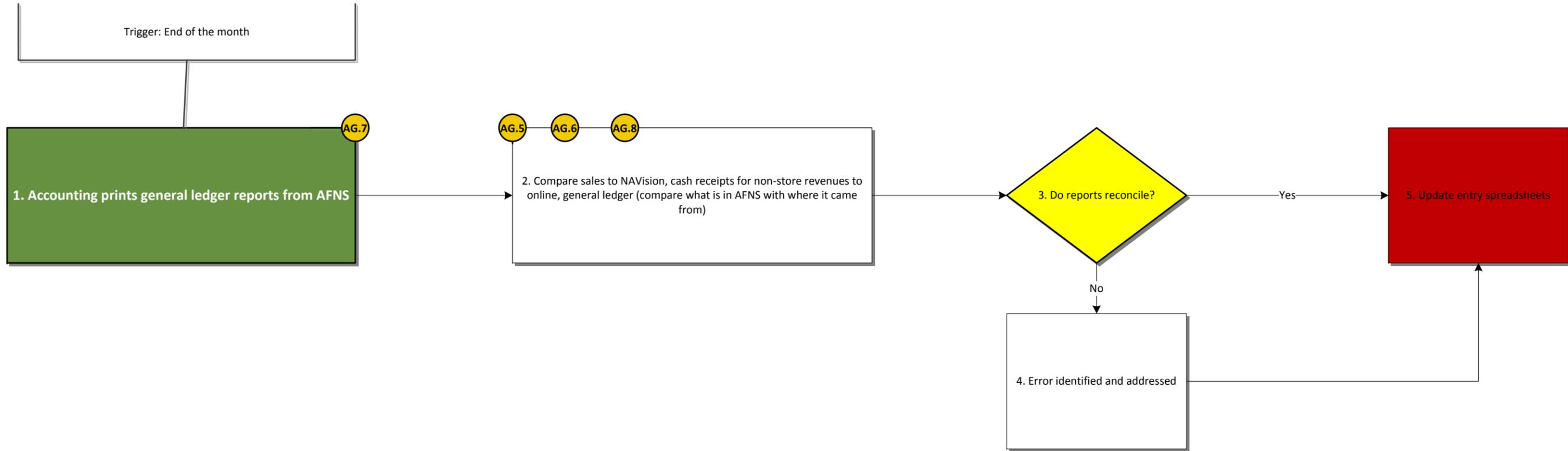
Process Area	Process Detail
Trigger:	End of the month
Predecessor Process:	Process Retail Sales
Successor Process:	None
Systems Used:	NAVision, Compass E-Access, ICS (Inventory Control System), TSYS
Divisions Involved:	Accounting, Product Management (Stores)
Bottlenecks, Inefficiencies, Redundancies:	AG.4 Accounting staff have to manually compare the NAVision payment card summary report to the TSYS payment card summary and detail report for reconciliation purposes.



2.8.3 Reconcile General Ledger

Reconciliation of the General Ledger (GL) is accomplished to make sure that all debits and credits of the AABC match. The process is done on a continual basis but is completed cyclically during the course of a month. The process begins when GL reports are printed from AFNS. Accounting staff manually compare sales reported in AFNS to NAVision. Receipts are compared until they reconcile. If there is no reconciliation, Accounting staff manually address errors. GL spreadsheets are updated and the process ends.

Process Area	Process Detail
Trigger:	End of the prior month of reconciliation
Predecessor Process:	All Processes Related to Liquor and Non-Liquor Sales, License, and Tax Collection.
Successor Process:	Distribute Revenues
Systems Used:	AFNS, Excel, NAVision, Licensing
Divisions Involved:	Accounting, Stores, Enforcement, Audit, IT
Bottlenecks, Inefficiencies, Redundancies:	<p>AG.5 Accounting staff must manually rekey store to warehouse transfers, military sales, and superstores sales.</p> <p>AG.6 Accounting staff must manually rekey any S9A claims.</p> <p>AG.7 Accounting staff must perform a manual comparison of all ROSCOE in-house reports.</p> <p>AG.8 When SOC makes deposit change, accounting staff have to determine if it is necessary to manually update the deposit information AFNS.</p>



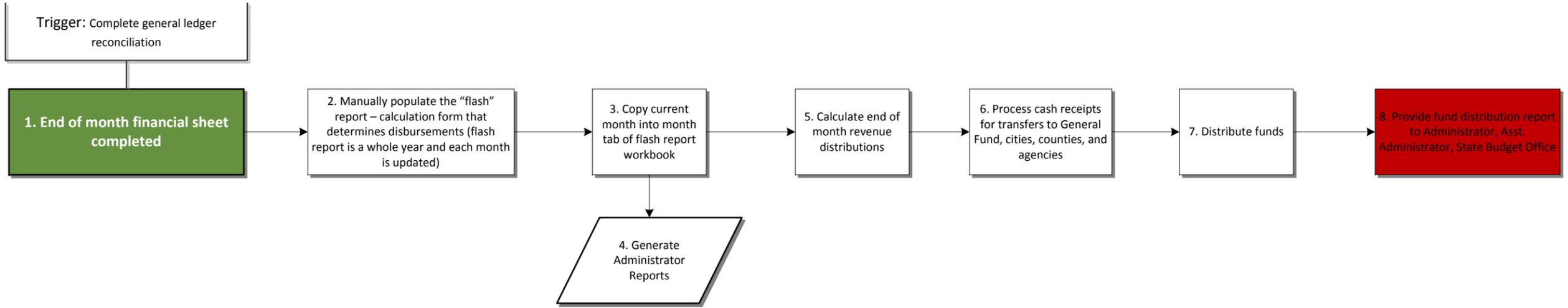
2.8.4 Disburse Revenues

AABC generates revenue from the sale of liquor and the collection of taxes, fees, and fines. These revenues are designated for other state agencies, cities, and counties, and the state's General Fund. The revenues related to product sales are disbursed as follows:

1. There is a 30% markup on the base price of each bottle of liquor. Of that 30%, 25% is kept by the AABC for operating expenses and 5% is sent to the State's General Fund. There is a tax of 56% of the base price of the bottle. Of that 56%, 46% is distributed to the State's General Fund and other state agencies and 10% is used by AABC for operations. A sales tax of 6% is also applied. Sales tax proceeds go to the Alabama Department of Revenue, the city in which the sale was made, and the county in which the sale was made.
2. For beer and wine taxes, the breakdown is as follows: The beer tax is 5%. Of that 5%, 1% is sent to "wet" counties, where alcohol is served, and 4% is sent to the Department of Human Resources/General Fund/Education trust fund. The table wine tax is a levy of \$.45 per liter of table wine containing not more than sixteen and one-half percent alcohol. Of this \$.45, \$.38 stays with the AABC, \$.07 is sent to cities and counties. For table wine containing more than sixteen and one-half percent alcohol, \$2.42 per liter of table wine is levied. 37% is kept by the AABC and 63% is distributed to the State's General Fund/Department of Human Resources/Mental Health.

The process begins when an End-of-the-Month Financial sheet is completed. Accounting staff will manually populate the "flash" report (Excel file) that has formulas in it to calculate what revenue will be generated based on receipts for the prior month. The updated flash report calculates end-of-month revenue distributions and is used to generate Administrator reports, which are used to inform the AABC Administrator of disbursements. Accounting then processes cash receipts for transfers to the General Fund, cities, counties, and agencies. Funds are distributed and a report of those distributions is sent to the AABC Administrator, Assistant Administrator, and the State Budget Office.

Process Area	Process Detail
Trigger:	Complete General Ledger reconciliation for prior month
Predecessor Process:	Complete General Ledger reconciliation for prior month
Successor Process:	None
Systems Used:	AFNS, Excel
Divisions Involved:	Accounting
Bottlenecks, Inefficiencies, Redundancies:	None

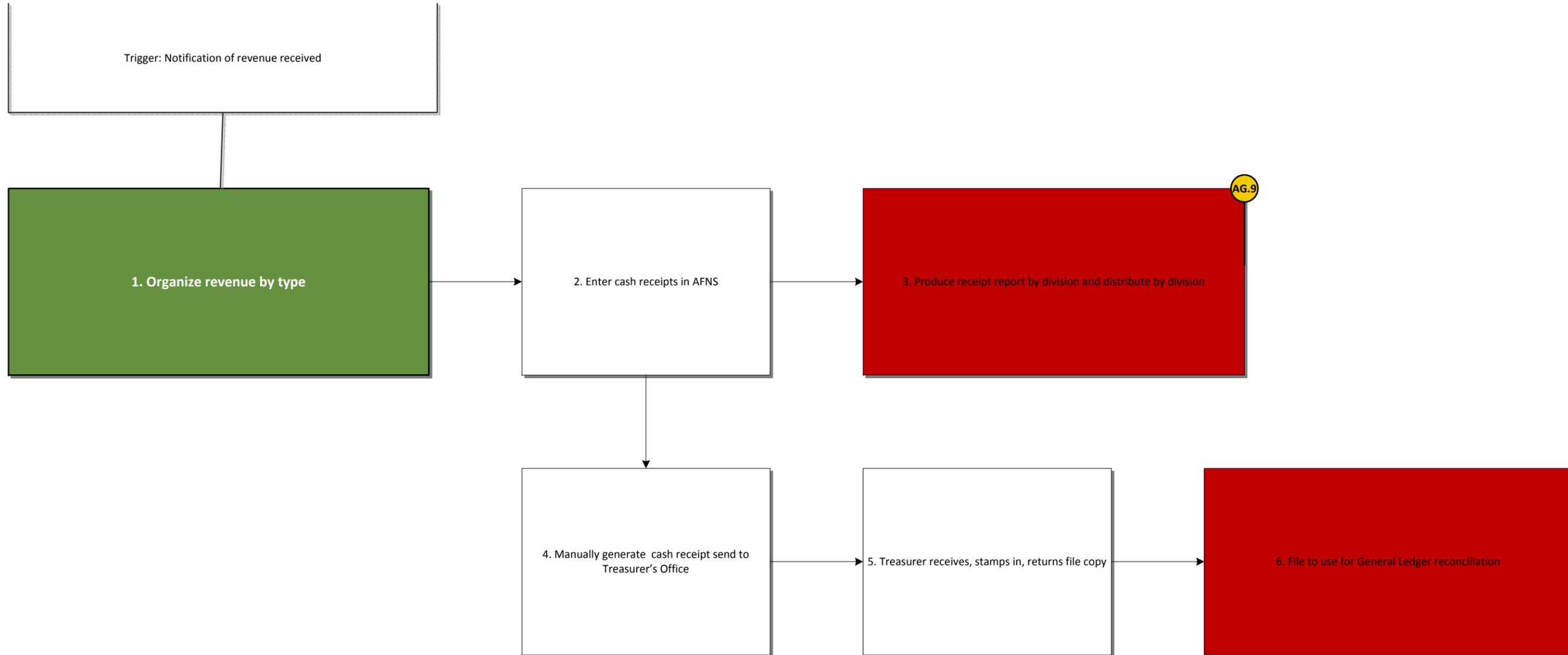


2.8.5 Account for Non-Store Revenues

Accounting accounts for and manages the process of non-retail store revenues. This includes revenue from licensees such as military and superstores, sales of beer and wine and the tax collected on them, grants received, enforcement fees, and license fees collected. This process is done daily.

The process begins when Accounting receives daily mail, organizes revenue by type at the close of the prior month, and/or enters invoices. Cash receipts are entered in AFNS. A report of revenue received by each AABC division or business area is produced and provided daily to each division. Concurrently, paper cash receipt reports are sent to the Treasurer’s office. The Treasurer stamps them in and returns a file copy to AABC. This copy is used by AABC to reconcile the GL.

Process Area	Process Detail
Trigger:	Notification of revenue received
Predecessor Process:	Licensing, Enforcement, Pricing Processes
Successor Process:	None
Systems Used:	AFNS
Divisions Involved:	Accounting, Audit, Product, Enforcement
Bottlenecks, Inefficiencies, Redundancies:	AG.9 Accounting staff must manually configure division codes for the receipt report to be delivered to the correct office.

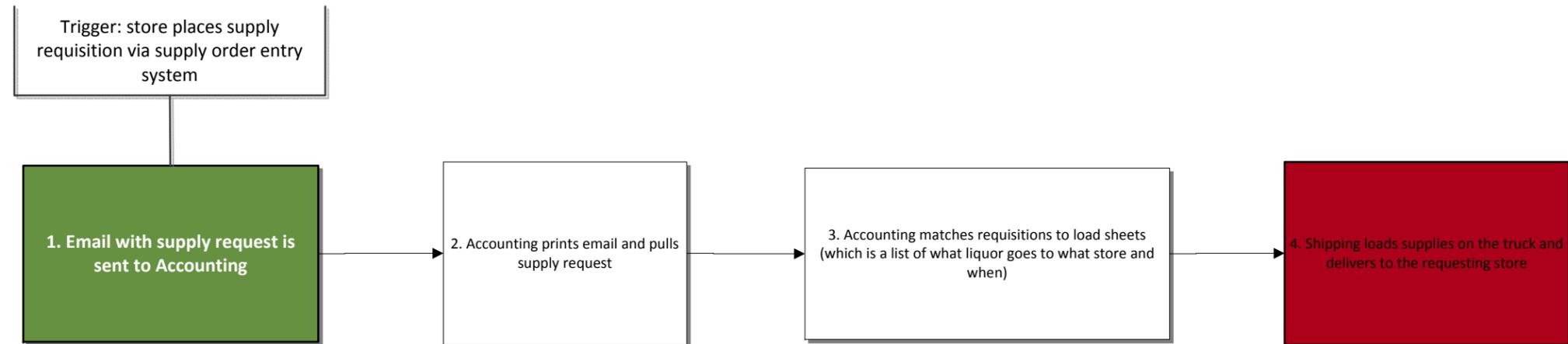


2.8.6 Order Non-Liquor Supplies Through the Registers

Retail and wholesale stores place daily requisitions for store supplies such as shirts, bags, register tape and other supplies that are needed to operate stores that are available from the warehouse. Accounting is responsible for receiving store requisitions and fulfilling orders.

The process is triggered by a supply order from the store. Store managers will enter their requisition via a web-based, in-house program that is available from the manager's PC (not the register). There is a predefined list of items, with minimum and maximum order limits. The order is submitted, triggering an email to Accounting. Accounting reviews the request and fills the orders assuming that enough supply is available. Accounting will then match the requisitions to the load sheet (list that the warehouse uses to load liquor on trucks to send to stores). This notifies the warehouse which supplies to send to which stores. The warehouse adds the supplies to the truck along with the liquor product designated for the appropriate store or stores. If stores determine when they receive the supplies that an incorrect amount or item was received, the store contacts Accounting and the corrected order is sent with that store's next liquor shipment.

Process Area	Process Detail
Trigger:	Order from store
Predecessor Process:	None
Successor Process:	None
Systems Used:	Supply Ordering System (on Manager's PC), Email
Divisions Involved:	Accounting, Shipping
Bottlenecks, Inefficiencies, Redundancies:	None



2.9 Enforcement

The Enforcement division of the AABC is responsible for enforcing alcoholic beverage laws and issuing licenses to sell and manufacture wine, beer, and spirits in the State, as well as for conducting inspections of licensees to ensure compliance with licensing rules and provisions. There are 25 types of liquor licenses in Alabama. The ABC license year runs from October 1 to September 30.

Effective January 1, 2015, the Enforcement division will undergo a major shift. Much of the division’s responsibilities and manpower will be merged into the Alabama Law Enforcement Agency, a newly created agency in state government that will streamline law enforcement tasks and consolidate many of them under one agency. Enforcement currently has about 150 staff; after the shift, there will be approximately 20 sworn personnel.

List of Enforcement Business Processes	
Process Number	Process Name
2.9.1	License Manufacturers, Importers, Wholesalers, and Retailers
2.9.2	Licensee Disciplinary Action
2.9.3	Administer Responsible Vendor Program (including providing training and education)
2.9.4	Approve Product Labels for Alcohol Products
2.9.5	License Renewals

Table 2.9: Enforcement Business Processes

2.9.1 License Manufacturers, Importers, Wholesalers, and Retailers

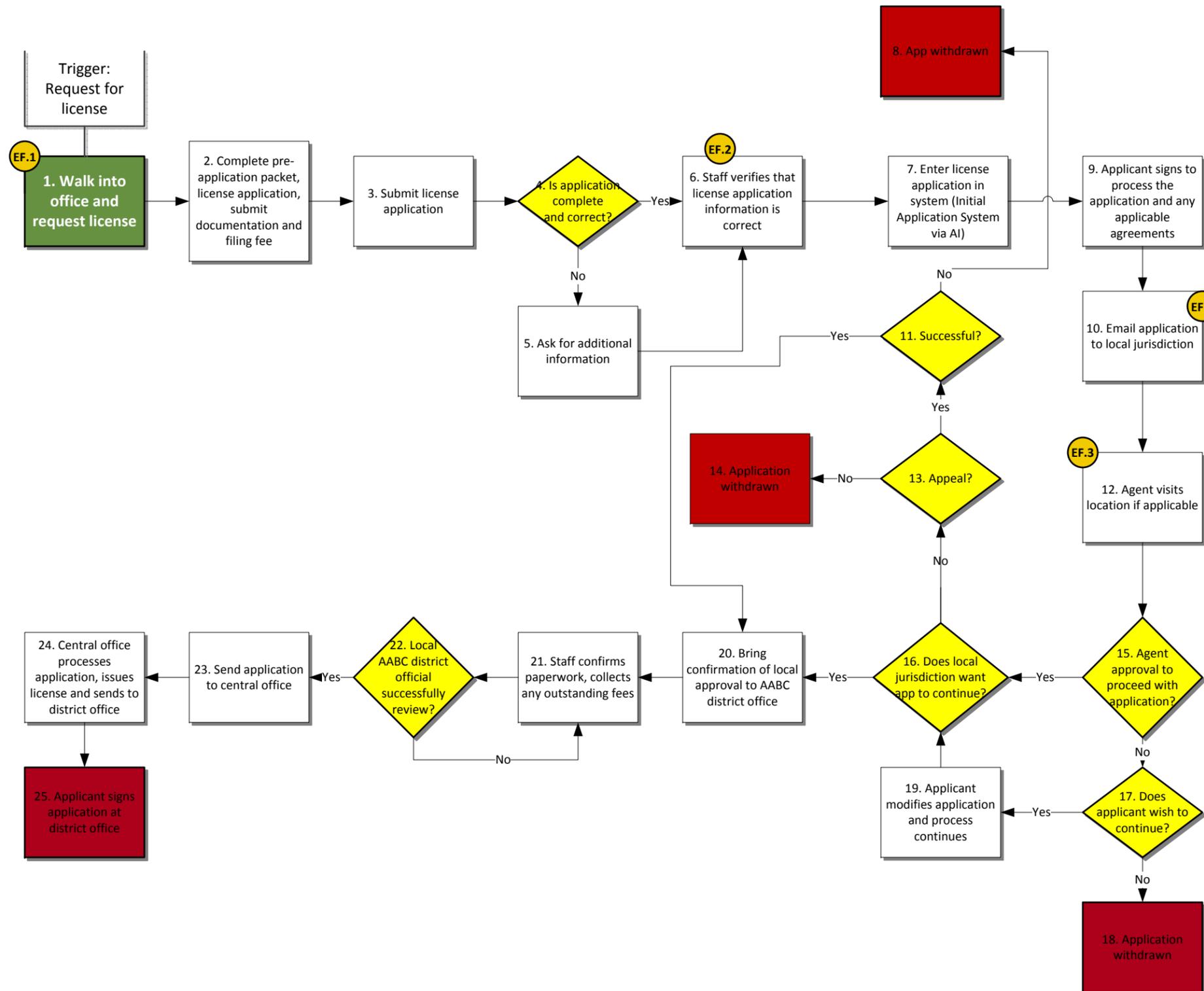
The process begins when a person requests a license. That person receives a preliminary license application package and submits required documentation and the proper filing fee. Once the license application is submitted, it is reviewed to confirm that it is complete. Approximately 80% of applications are incomplete. If there is missing information, additions must be made by the applicant. Once verified, the license application information is entered into the Alabama Interactive (AI) Initial Application System. The applicant signs any applicable agreements and the application is processed.

A potential licensee must receive local jurisdiction approval. An AABC agent/licensing inspector visits the location to determine if the correct license type was applied for. If so, the agent/licensing inspector must make sure that all AABC requirements have been met for that licensing type. If the agent/licensing inspector does not approve the application to proceed, the applicant must modify the application before the process can continue or the application is withdrawn. If the local jurisdiction does not want the application to continue, the applicant can

appeal to the AABC Board or withdraw the application. Applicants can only appeal adverse decisions for beer licenses. Unsuccessful appeals may be heard by the state circuit court and beyond, if necessary. An adverse decision on a wine or liquor license is final.

The applicant must bring confirmation of local approval to the AABC district office. Upon staff confirmation of the paperwork, any outstanding fees will be collected. A local AABC district official will review the application before sending it to the central office, which processes the application, issues the license, and sends it to the district office. The applicant then signs for the license and presents photo identification at the district office, which marks the end of the licensing process.

Process Area	Process Detail
Trigger:	Resident wants a license
Predecessor Process:	None
Successor Process:	Inspection, Renewal, Responsible Vendor Program
Systems Used:	Initial Application System, AABC Licensing System, Outlook, Fax, Scan, Telephone
Divisions Involved:	Enforcement, Local Jurisdictions, Including Sheriffs and County Commissions and Local Revenue Departments
Bottlenecks, Inefficiencies, Redundancies:	<p>EF.1 Customers have to physically come into the office to receive a license to sell liquor rather than performing the process online.</p> <p>EF.2 Nearly 80% of all license applications are incomplete when received by Enforcement. This results a backlog of open licenses applications.</p> <p>EF.3 An Enforcement agent must manually write site visit reports and take pictures rather than using modern technology.</p> <p>EF.4 Some local jurisdictions require background checks before processing, which delays approval of the application.</p>



2.9.2 Licensee Disciplinary Action

Disciplinary action may be brought against licensees when alcoholic beverage-related violations are found in their respective establishment. This process begins when a violation is observed and a notice of violation or warning is issued to a licensee. Citations are issued by AABC enforcement officers using an e-Citation system created by AI.

The AABC agent will review the licensee's file in the network drive for prior violations of the same type. The license number is entered into the e-Citation system, which pre-populates license information. The agent will select an offense from a pre-populated list and select the frequency of this offense (meaning the number of times this licensee has been cited for this offense in a given time period). A narrative about the circumstances of the offense or violation is entered. The citation is saved and routed by e-Citation to an agent's supervisor, who either approves or disapproves of the citation as written. Disapprovals will be routed electronically back to the agent with comment for further review. Approvals will be routed back to the agent and the agent contacts the licensee to discuss plea or hearing options.

If this is the first or second offense in a four-year period and the licensee does not request a hearing, the licensee is fined. Certain violations can bring a more severe penalty, up to and including a license revocation, even if it is the first offense. License suspensions, revocations, and fines must be entered by AABC staff in AABC's licensing application separately from the Alabama Interactive eCitation system.

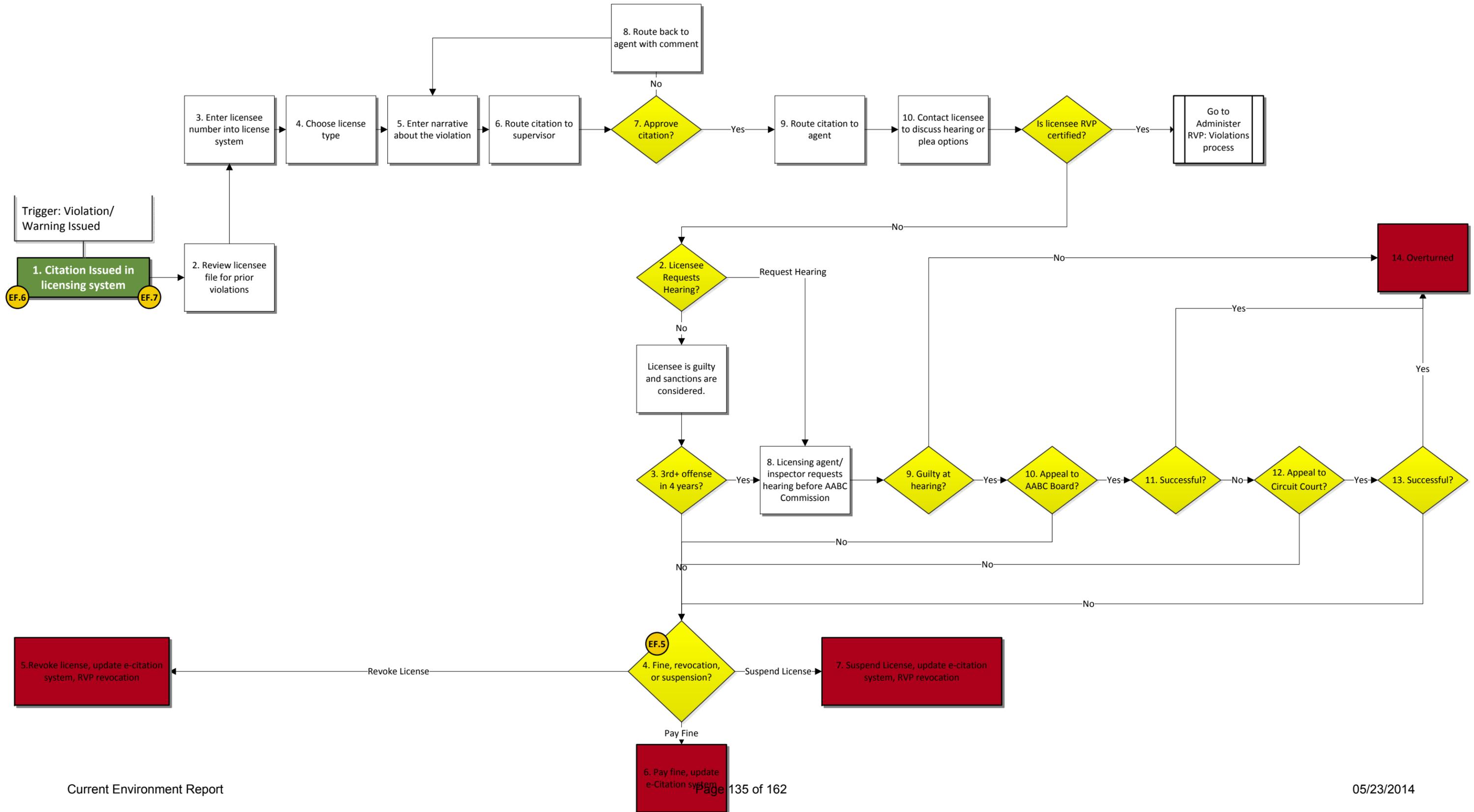
If the licensee receiving the citation is in the Responsible Vendor Program (RVP) program, there is an intentional delay in applying sanctions to a license record. RVP licensees receiving a notice of violation generates an email from the eCitation system to RVP staff. The citation will be printed and sent to an AABC compliance specialist. The compliance specialist will investigate, produce findings, and determine if the licensee was in or out of compliance. Compliance specialist findings, once complete, are sent to a mitigation committee comprised of AABC staff, who approve or modify recommendations after deliberation. The findings are then put on the AABC Board agenda for a vote to approve or disapprove. Citations may be mitigated or not mitigated. The recommended penalty, whether mitigated or not, goes to the Board for consideration.

If approved, the fines are transmitted to RVP staff who make changes in the e-Citation system. This generates a letter with mitigated fine details that goes to the agent, who provides it to the licensee, and a timeframe to remit payment is established. If the licensee is RVP-certified and requests a hearing, the licensee must waive their rights to the mitigated fine before hearing procedures are set. If the licensee is not RVP-certified and requests a hearing, the inspector will initiate hearing procedures. If the licensee is not in the RVP program and this is their third or fourth offense, the licensing inspector will request a hearing before the AABC Commission.

If the AABC Commission finds the licensee not guilty, the citation is overturned. If the AABC Commission finds the licensee guilty, the licensee has the opportunity to appeal to the AABC

Board. The AABC Board may overturn the decision but if the decision is not overturned, the licensee has the ability to appeal to the circuit court, which may also overturn the decision. If at any point, the licensee is found guilty and does not continue to appeal, the findings of the Hearing Commission are enforced. If their license is suspended or revoked, there is an update made in both the license database and the e-Citation system. A license suspension cannot exceed 365 days. If the licensee is part of the RVP, their RVP membership is revoked. If the licensee is fined, the e-Citation system is updated, and the licensee pays the fine.

Process Area	Process Detail
Trigger:	Violation/Warning Issue
Predecessor Process:	Issue License
Successor Process:	None
Systems Used:	E-Citation (AI), Email, O:Drive, Adobe, AABC Licensing Application
Divisions Involved:	Enforcement, Licensing
Bottlenecks, Inefficiencies, Redundancies:	<p>EF.5 There is no method or mechanism to keep licensees from making purchases of wholesale liquor at a discount after their license has been revoked or suspended.</p> <p>EF.6 When a citation is created, there is nowhere to view the citation except from the desktop of the AABC agent who issued it and the licensee cannot view it online.</p> <p>EF.7 The AI e-Citation system does not update licensee database with citation information.</p>



2.9.3 Administer Responsible Vendor Program

The Alabama Responsible Vendor Act was passed to eliminate the sale of alcoholic beverages to and consumption of alcoholic beverages by underage persons, and the reduction of intoxication and accidents, injuries, and deaths in the state related to intoxication.

This is a voluntary program for licensees to join and be certified through the AABC. Licensees are required to train all employees involved in the management, sale, or service of alcoholic beverages. This training includes Alabama alcoholic beverage laws, legal age determination, civil and criminal penalties, and risk reducing techniques. Licensees who voluntarily join the program are also required to establish policies ensuring legal, responsible sales, train employees in these policies and follow all other ABC regulations.

Alabama law requires mandatory participation for on-premises licensees who hold a retail restaurant license (020 license type), and who wish to hire 19- and 20- year old employees to serve alcohol. Otherwise, persons under the age of 21 are prohibited from delivering alcohol to customer tables.

The Responsible Vendor Program Division establishes the guidelines required for licensees to be certified in the RVP. The program approves courses for private course providers that want to market their services to licensees and also to individual companies who want to create and obtain their own course approval to train their employees.

After a license location has obtained an AABC-Board approved course provider (whether it is private course provider or an individual provider) and trained all their employees, an application along with the report of server, seller, and manager training log must be submitted along with a \$35.00 fee per license type to the AABC Board Responsible Vendor Program Division.

After the application has been reviewed and a check on previous violations has been conducted, the application is either accepted or denied. If the application is accepted, the licensee is entered into the RVP and licensing database. The following is a list of information that has to be entered at the time of application:

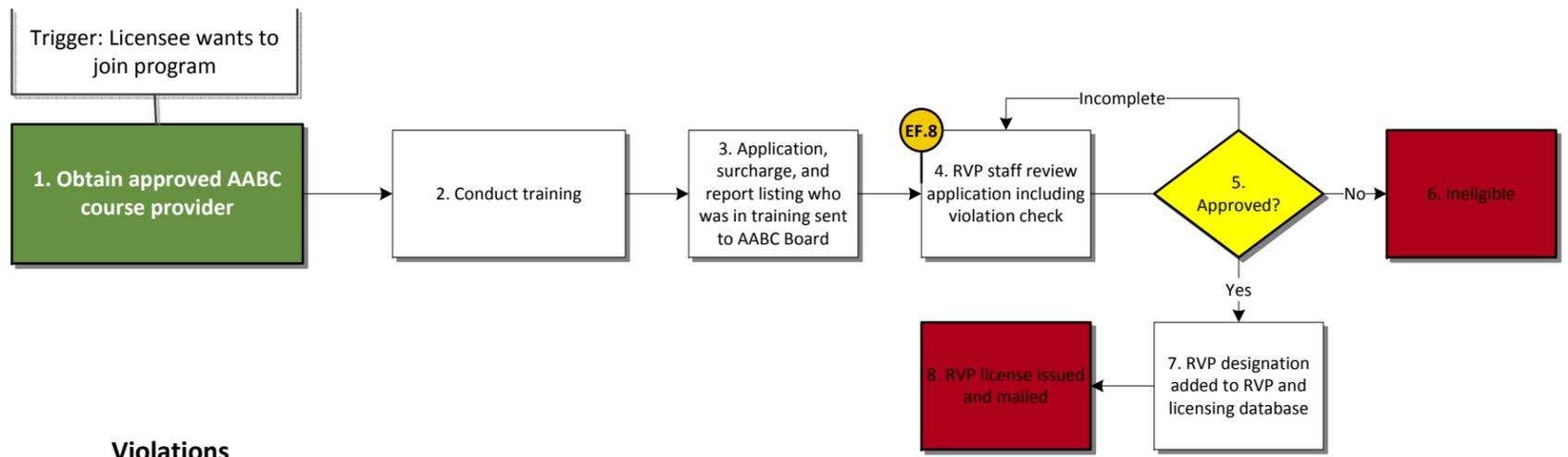
- License Number
- Number of Liquor licensees
- Date Certified
- CDR Date
- CDR Fiscal Year
- Custodian Address
- Custodian Phone Number
- Course Provider Number

The process for receiving entry into the RVP is triggered by a vendor’s request to be a part of the RVP program. Once a vendor receives the appropriate training and all paperwork is submitted to the AABC RVP division, the RVP staff reviews the application and checks the licensee’s previous violation history. If the application is not approved, the vendor is ineligible for entry into RVP. If approved, RVP designation is added to the AABC license. The license that includes the RVP designation is then issued and mailed, marking the completion of the process for entry.

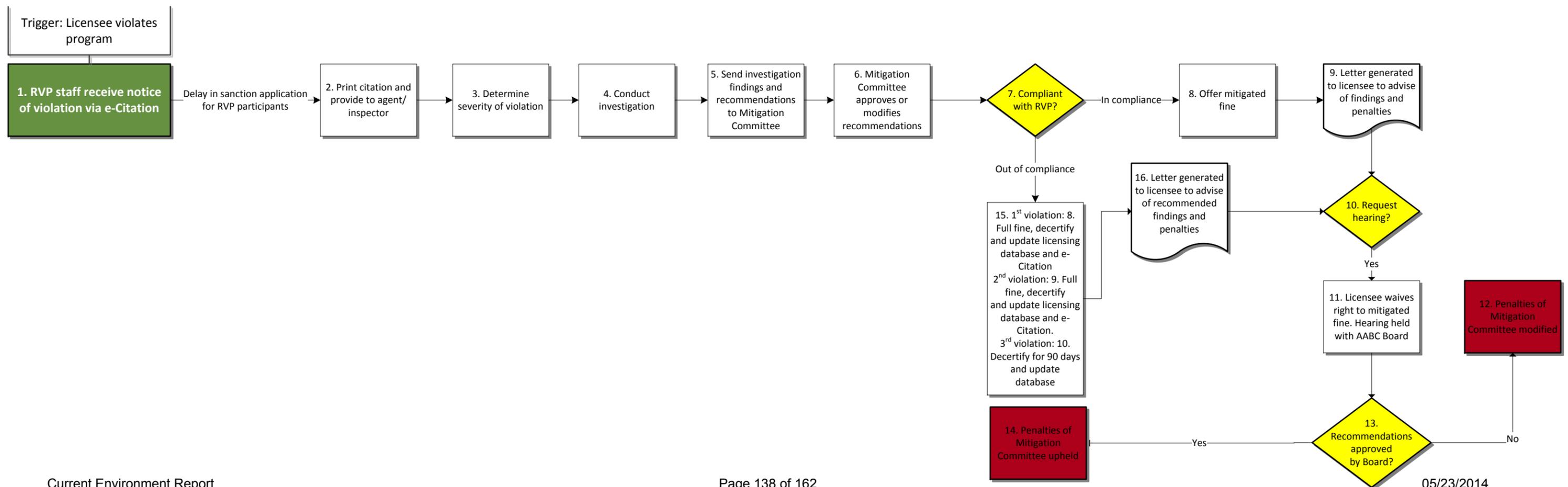
The narrative description of the process for issuance of a violation to an RVP certified licensee is detailed in section 2.9.2, Licensee Disciplinary Action. The visual depiction of that workflow is found in the diagram for this section (Administer Responsible Vendor Program).

Process Area	Process Detail
Trigger:	Receive retail licensee request to be in the RVP program
Predecessor Process:	Licensing, Accounting
Successor Process:	Maintain Compliance
Systems Used:	AABC Licensing Database, Adobe, Outlook
Divisions Involved:	Enforcement (RVP staff)
Bottlenecks, Inefficiencies, Redundancies:	EF.8 The online RVP application requires manual review by AABC staff.

Application



Violations



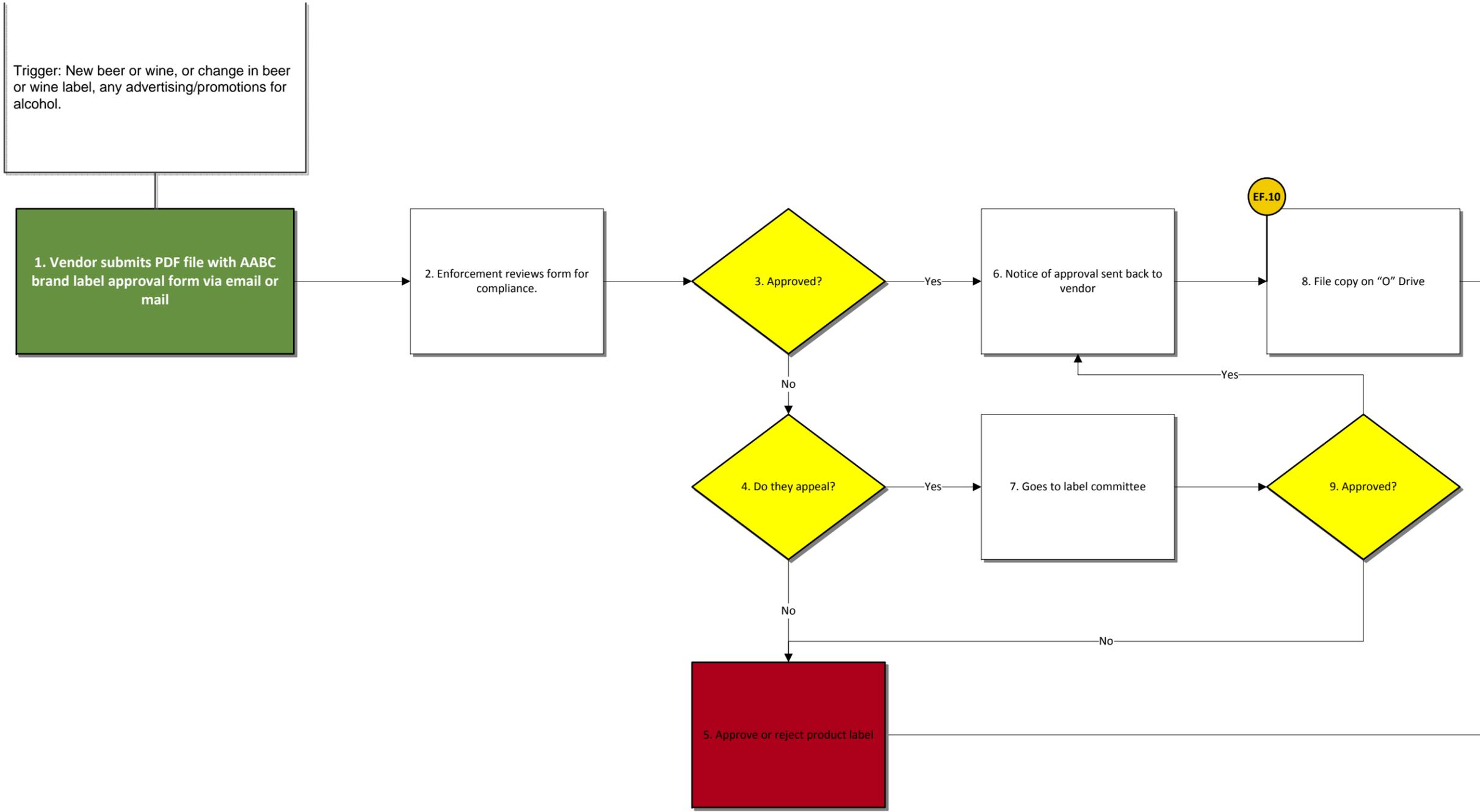
2.9.4 Approve Product Labels for Alcohol Products

All advertisements used in the state of Alabama for beer, wine, and spirits must be submitted for approval by AABC Enforcement before use. All beer and wine labels need to be approved by Enforcement. Product management approves spirit labels and brand. Enforcement receives 20 to 40 new label approval requests per day.

To start the process, a vendor will submit a PDF file of the proposed label, along with a brand label approval form on vendor letterhead, a certificate of label approval, and a signed territorial agreement via email or mail to Enforcement. Enforcement reviews the label for compliance with state laws. If the label is approved, the vendor is notified, a copy of the label and form are stored on the AABC network drive (known as the “O:drive”), and the process ends.

If the label is not approved, the vendor may appeal the decision. If the vendor appeals, the label is reviewed by the labeling committee. If the labeling committee approves the label, the vendor is notified, a copy of the label and form are stored on the O:drive, and the process ends. If the vendor is not approved, the process ends and a copy of the application is filed on the O:drive.

Process Area	Process Detail
Trigger:	New beer or wine, or change in beer or wine label, any advertising/promotions for alcohol.
Predecessor Process:	None
Successor Process:	None
Systems Used:	Email, O:drive, Adobe, snail mail
Divisions Involved:	Licensing
Bottlenecks, Inefficiencies, Redundancies:	EF.10 There is no document management system, which means there is no efficient way to search for or store images of product labels.



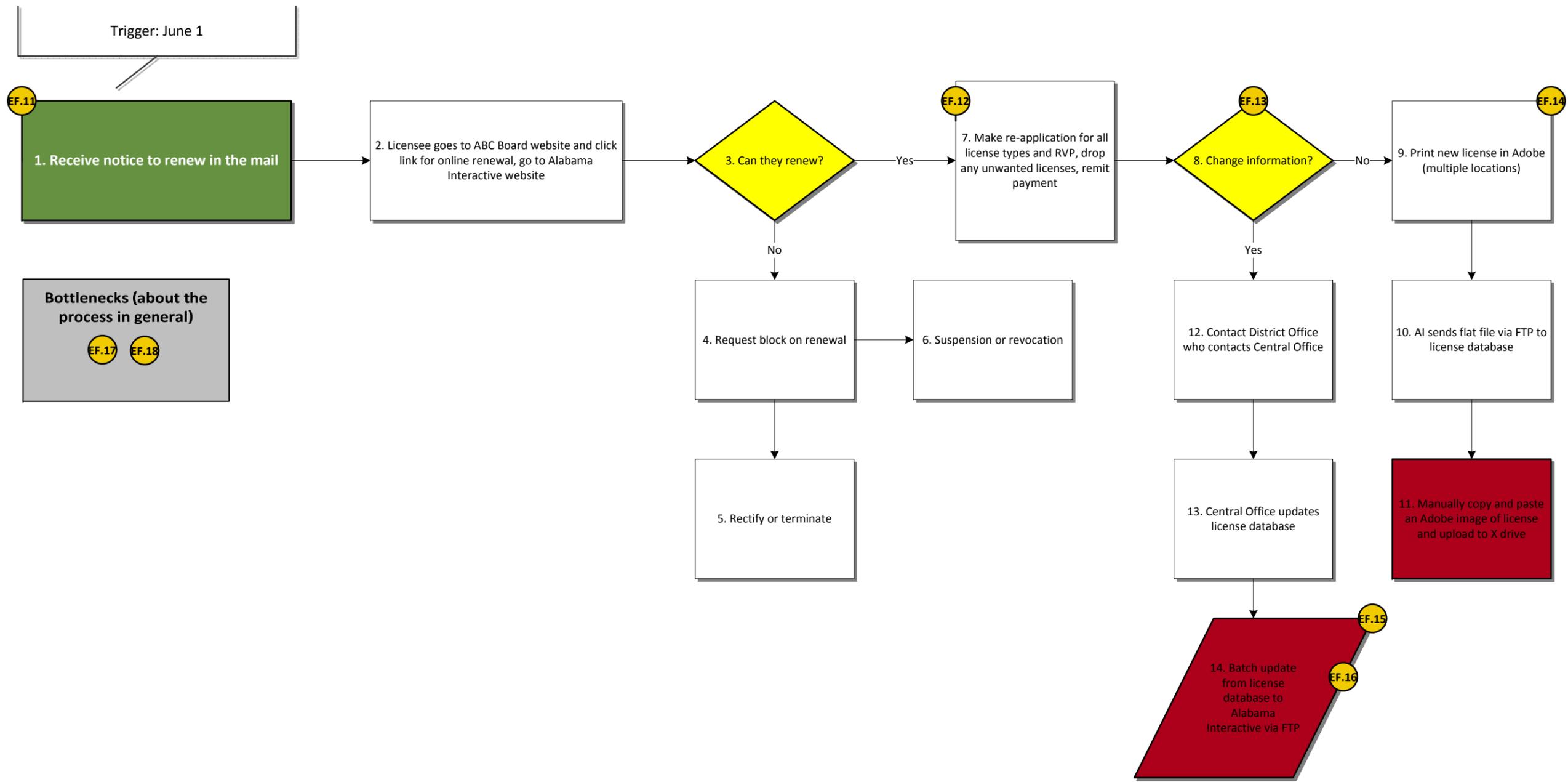
2.9.5 License Renewals

License renewals begin on June 1 of each year and can go until May 31 of the next year. License fees must be paid for an entire license period, as there is no prorating of application fees. Prior to June 1, licensees receive notice to renew in the mail and via email. Licensees go to the AABC website and click the link for online renewal, which directs them to the AI website. If they are not eligible for renewal, Enforcement, the State Revenue Department, the IRS, or a local jurisdiction can request a block on renewal for a number of reasons (including if state taxes have not been paid). This action can result in suspension, revocation, rectification, or termination of a license. If the licensee is eligible for renewal, they complete a renewal for all applicable license types and the RVP certification (if applicable). Unwanted licenses are removed, payment is remitted, and a license and a receipt are printed.

AI sends a flat file via FTP to the license database. Depending on what information has changed, a PDF image of the license is generated and manually copied and uploaded to the network (X) drive. The district office is notified if any information changes. The district office contacts the central office, which updates the license database. There is a nightly batch update from the license database to AI via FTP.

Process Area	Process Detail
Trigger:	June 1 of every year
Predecessor Process:	Licensing
Successor Process:	Renewal (next year)
Systems Used:	Alabama Interactive, Adobe, licensing database, RVP database
Divisions Involved:	Enforcement (licensing staff)
Bottlenecks, Inefficiencies, Redundancies:	<p>EF.11 Licensees who file a license application after May 15 for the current year do not receive a reminder notice to renew their license for the next year. Licensees who make license address changes after May 15 will also not receive a license renewal notice. This erodes timeliness of license renewal application submittal.</p> <p>EF.12 There is no mechanism to continuously verify licensee insurance coverage at time of renewal.</p> <p>EF.13 The system does not store partial online applications, which means that if the application is not completed in one step, the applicant must start over again.</p> <p>EF.14 AABC staff must manually confirm that RVP membership was renewed up until Enforcement receives the Do Not Renew list. The unavailability or non-continuous availability of the Do Not Renew list is inefficient.</p> <p>EF.15 Some licensees' files are marked "Do Not Renew" because a mistake in an amended renewal cannot be corrected.</p> <p>EF.16 There are electronic communications problems (specifically by</p>

Process Area	Process Detail
	<p>file transfer protocol or FTP) with AI.</p> <p>EF.17 Stores cannot always tell from a register if a licensee is valid. The clerk or manager may need to call the AABC to verify that the licensee is valid.</p> <p>EF.18 Licensee does not renew on time, forgets, does not have access to computer or skills to renew online or does not have a charge card or checking account. This limits the ability to use electronic licensing processes.</p>



3.0 Existing Systems

3.1 Overview

The AABC technical environment has retail, wholesale, and licensing IT systems that are spread across three networks and interface with a number of internal and external entities. The AABC hosts its own servers at its headquarters in Montgomery, Alabama and is supported and maintained by a staff of approximately 20.

The AABC's primary financial, retail, and wholesale IT system is Microsoft Dynamics NAVision. NAVision is hosted on a Dell Power Edge server at the AABC headquarters and is currently running on Version 9.0 (recently upgraded in August of 2013). NAVision handles all manner of transactions and data including:

- Retail and wholesale sales
- Store information
- Product information
- Price data
- Warehouse information including current inventory (NAVision serves as the warehouse management system for AABC)

The AABC POS system is Triversity (owned by SAP) and is operating on version 9.5. There are about 170 state-run liquor stores in Alabama and each store has anywhere from one to six NCR 7402 model registers. Each store has a primary register used for back office functions. The sales and inventory data captured at the register is pulled nightly to NAVision via a secure DSL/T1 line. The data is "polled" (meaning uploaded) sequentially as stores close in the evening. There is no real-time connection between the registers and NAVision.

Each store also has a bad check verification terminal, which communicates with a company called NexCheck. The terminal and connection to NexCheck cannot determine if sufficient funds are available, only if there is a history of bad check writing. A store manager's PC is also located in each store, although that computer is not on the same network as the register for payment card industry (PCI) reasons. There are also Intermec CK30 handheld scanners in each store.

The AABC warehouse is served by two primary systems: NAVision and BevPro/RapidRoute. NAVision manages inventory for the warehouse and serves as the AABC warehouse management system. Product received from vendors is scanned directly into NAVision using a handheld computer. BevPro/RapidRoute is the warehouse conveyor system and handles shipments and routes that the AABC truck will take to ship product to stores. NAVision sends product file information (SCCs, bottle data locations) to BevPro/RapidRoute.

BevPro/RapidRoute has an “overflow” lane called JackPot. When cases do not scan at the sort scanner or do not sort to the correct shipping door due to lane stoppages, they are sent to JackPot. Unlike other warehouses, AABC’s warehouse does not have a “re-circulation line”, or sorting mechanism for re-scanning cases that did not properly scan the first time they are sent through the pick line.

The technical environment at the AABC exists in or interfaces to systems within several separate networks:

1. **POS Inventory Control System (POS/ICS):** NAVision and all retail and wholesale store registers operate within a dedicated network called POS/ICS. POS/ICS is a secure network and is segmented from other state IT networks. This network is AABC-specific primarily because of the payment card data that resides on registers.
2. **The “Legacy” network:** This network contains the back end of the licensing system and Responsible Vendor Programs, a program called QlikView, which provides business intelligence and forecasting to the AABC, the Enforcement Inventory Fleet (web-based Microsoft Access database), the Investigation database, and the Rent or Real Estate database (Microsoft Database). These systems are all hosted by the AABC. This network hosts BevPro/RapidRoute and JackPot.
3. **The Warehouse network:** The warehouse network consists of workgroup machines/server, which are the BevPro/RapidRoute server (RapidRoute) and windows PCs (merge and Jackpot). These systems reside on the AABC "Legacy" network.
4. **The “State” network:** The State’s agency level accounting system, called Advantage Financial Standard, or AFNS, interfaces with NAVision and is in this network. AFNS is a departmental-level automated accounting system utilized by more than 100 state agencies, according to the State of Alabama web page. AFNS is updated from NAVision with sales, inventory, and deposit transactions daily. The AABC Personnel office transacts with the State’s Government Human Resources System (GHRS) for employee leave balances and other human resources functions. The State network also plays host to a separate purchasing module that is used for non-liquor purchases such as vehicles, ammunition for Enforcement, and other commodities. This module is accessed primarily by the AABC Accounting office. It is noted that AABC started using AFNS only in the last year, even though AFNS is over 20 years old. GHRS and the State Purchasing Network have been used by AABC since 1990.
5. **The Third Party network:** The AABC has a number of systems hosted by the company Alabama Interactive (AI). AI is a private company that holds a contract with the State of Alabama to host web-based transactional applications such as applications for state licenses and documents, payment services, and applications hosting and support. AI hosts the following AABC systems:
 - Licensing Original and Renewal Application

- Wholesale Online ordering system (launched in August 2012)
- E-citation (used for issuance of citations or notices of violation to licensees by Enforcement)

Also in the third-party network is the NexCheck system, which is used to scan checks presented for purchase of liquor products to determine if the check being presented is written by someone with a history of writing bad checks. NexCheck does not determine if funds are available for withdrawal.

6. **Other External Entities:** Total Systems Services, Inc. (TSYS) is the payment card processor for the AABC. TSYS interfaces with the registers in retail stores to approve or deny payment cards. The AABC does not presently accept debit cards for purchase of liquor. The AABC also interfaces with the National Alcoholic Beverage Control Association (NABCA), the trade association for all alcoholic beverage control jurisdictions. NABCA receives store inventory (daily), store sales data (daily and monthly), and warehouse inventory (daily) from NAVision. Another major interface is with the state Treasurer's office. NAVision sends deposits to the Treasury daily, although a manual verification or reconciliation between what was deposited in NAVision and what was deposited in the Treasury is required.

The composition of the existing server environment may be found on the following page.

Current Server Inventory								
Server	Primary Functions	OS	Physical or Virtual	Parent Server (if virtual)	Make	Model	RAM	Processor type
3-039716	abc.al DC\DNS\WINS\Exchange	Windows 2008 64bit Standard	Physical	N/A	Dell	PowerEdge R200	4GB	Intel Xeon X3220
3-039717	abc.al DC\DNS\WINS\Exchange	Windows 2008 64bit Standard	Physical	N/A	Dell	PowerEdge R200	4GB	Intel Xeon X3220
3-037150	Enforcement File Server	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 2950	8GB	Intel Xeon 5130
3-037148	LawsonProduction	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 2950	4GB	Intel Xeon 5130
3-037149	LawsonBackup	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 2950	4GB	Intel Xeon 5130
3-039756-SCCM	Microsoft System Center Configuration Manager	Windows 2008 64bit R2 Ent	Physical	N/A	Dell	PowerEdge 1950	8GB	Intel Xeon E5430
3-039757	Hyper-V for POSICS Network\NAVISIONTesting	Windows 2008 64bit Ent	Physical	N/A	Dell	PowerEdge 1950	16GB	Intel Xeon E5430
3-039758	Backup Exec 2010\Hyper-V	Windows 2008 64bit Ent	Physical	N/A	Dell	PowerEdge 1950	16GB	Intel Xeon E5430
3-039759	SQL\IIS\SharePoint\Enforcement Licensing	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 2950	16GB	Intel Xeon E5460
3-039760	SQL\IIS\Hyper-V\Backup for 3-039759	Windows 2008 64bit Ent	Physical	N/A	Dell	PowerEdge 2950	48/B	Intel Xeon E5460

Current Server Inventory								
Server	Primary Functions	OS	Physical or Virtual	Parent Server (if virtual)	Make	Model	RAM	Processor type
3-036698	Development\SQL	Windows 2003 32bit R2 Ent	Physical	N/A	HP	ProLiant DL140 G2	2GB	Intel Xeon
3-039854	Off-site disaster recovery server	Windows 2008 64bit Ent	Physical	N/A	Dell	PowerEdge 2900	24GB	Intel Xeon X5460
3-039574	Network Management/SolarWinds	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 1950	8GB	Intel Xeon E5450
3-036886	2seater DC (abcacct1)\DNS\WINS	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 850	2GB	Intel Pentium D
3-036887	abc.lo DC\DNS\RADIUS	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 2950	4GB	Intel Xeon
3-036888	NAVision DB server	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 6850	38GB	Intel Xeon mp
3-036889	NAVISIONDB - dark server	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 6850	38GB	Intel Xeon mp
3-036890	abc.lo DC\DNS\NAVision application	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 2950	4GB	Intel Xeon
3-036891	abc.lo DC\DNS\NAVision application - dark server	Windows 2003 32bit R2 Ent	Physical	N/A	Dell	PowerEdge 2950	N/A	Intel Xeon

Current Server Inventory								
Server	Primary Functions	OS	Physical or Virtual	Parent Server (if virtual)	Make	Model	RAM	Processor type
3-036892	Backup Exec 12.5\Hyper-V	Windows 2008 64bit Ent	Physical	N/A	Dell	PowerEdge 2900	10GB	Intel Xeon 5130
3-040728	Hyper-V	Windows 2008 R2 Standard 64bit	Physical	N/A	Dell	PowerEdge R710	24GB	Intel Xeon X5647
3-040729	Hyper-V	Windows 2008 R2 Standard 64bit	Physical	N/A	Dell	PowerEdge R710	24GB	Intel Xeon X5647
3-040839	Legacy File\DHCP				Dell	PowerEdge R710		
3-040831	NAVISIONDB\SQL				Dell	PowerEdge R910		
3-040825	LogRhythm							
Win2k3_DC2	Secondary DC for 2seater (.11)\DNS\WINS	Windows 2003 32bit R2 Ent	Virtual	3-039758	N/A	N/A	2GB	Intel Xeon E5430
Win2k8_DC3	Secondary DC for 2seater (.15)\DNS\WINS	Windows 2008 32bit Standard	Virtual	3-039758	N/A	N/A	2GB	Intel Xeon E5430
Win2k3_Webex	Webex support sessions (ExaGrid, Symantec)	Windows 2003 32bit R2 Ent	Virtual	3-039758	N/A	N/A	1GB	Intel Xeon E5430

Current Server Inventory								
Server	Primary Functions	OS	Physical or Virtual	Parent Server (if virtual)	Make	Model	RAM	Processor type
Win2k3_Print (old 3-039756)	SEP\Print\Altiris (old physical moved to virtual for SCCM)	Windows 2003 32bit R2 Ent	Virtual	3-040728	N/A	N/A	4GB	Intel Xeon X5647
3-036888T (.10)	Test server for NAVision DB server (.33)	Windows 2003 32bit R2 Ent	Virtual	3-039760	N/A	N/A	8GB	Intel Xeon E5430
Win2k3_PCAnywhere	PCAnywhere host for registers	Windows 2003 32bit R2 Ent	Virtual	3-039760	N/A	N/A	3GB	Intel Xeon 5130
SEPM	Symantec AV for store mgr PC's and registers	Windows 2003 32bit R2 Ent	Virtual	3-036892	N/A	N/A	1GB	Intel Xeon 5130
Win2k3_SEP	Intermec Smart Systems for CK30 management	Windows 2003 32bit R2 Ent	Virtual	3-036892	N/A	N/A	3GB	Intel Xeon 5130
Win2k3_WSUS	WSUS for store mgr PC's and registers	Windows 2003 32bit R2 Ent	Virtual	3-036892	N/A	N/A	1GB	Intel Xeon 5130
Win2k3_GE93	Guardian Edge server for 9.3 upgrade migration	Windows 2003 32bit R2 Ent	Virtual	3-039758	N/A	N/A	2GB	Intel Xeon E5430
BevPro/RapidRoute	Warehouse	Windows 2003 32 bitR2 Standard	Virtual	3-040729	N/A	N/A	4GB	Intel Xeon X5647
Jackpt	Warehouse	Windows XP 32bit	Virtual	3-040729	N/A	N/A	512MB	Intel Xeon X5647
Merge	Warehouse	Windows XP 32bit	Virtual	3-040729	N/A	N/A	512MB	Intel Xeon X5647

Current Server Inventory								
Server	Primary Functions	OS	Physical or Virtual	Parent Server (if virtual)	Make	Model	RAM	Processor type
DAS	Drives for .33 and .10 DB servers	N/A	Physical	N/A	Dell	MD1000	N/A	N/A
DAS (loaned from dell)	Drives for .40 hyper-v server	N/A	Physical	N/A	Dell	MD1000	N/A	N/A
ExaGridL1	Local ExaGrid for legacy network	Linux 2.6.27	Physical	N/A	ExaGrid	EX2000	9.5GB	i686
ExaGridR1	Remote ExaGrid for legacy network	Linux 2.6.27	Physical	N/A	ExaGrid	EX2000	9.5GB	i686
ExPOSICSL1	Local ExaGrid for POSICS network	Linux 2.6.27	Physical	N/A	ExaGrid	EX2000	9.5GB	i686
ExPOSICSR1	Remote ExaGrid for POSICS network	Linux 2.6.27	Physical	N/A	ExaGrid	EX2000	9.5GB	i686
PowerVault 114T 2U (Tape Enclosure)	Tape Drive for Legacy network	N/A	Physical	N/A	Dell	PowerVault 114T	N/A	N/A
PowerVault 114T 2U (Tape Enclosure)	Tape Drives for POSICS network	N/A	Physical	N/A	Dell	PowerVault 114T	N/A	N/A
Legacy KVM	Avocent KVM for Legacy network	N/A	Physical	N/A	Avocent	DSR4020	N/A	N/A
POSICS KVM	Avocent KVM for POSICS network	N/A	Physical	N/A	Avocent	DSR4020	N/A	N/A

Table 3: Current Server Hardware

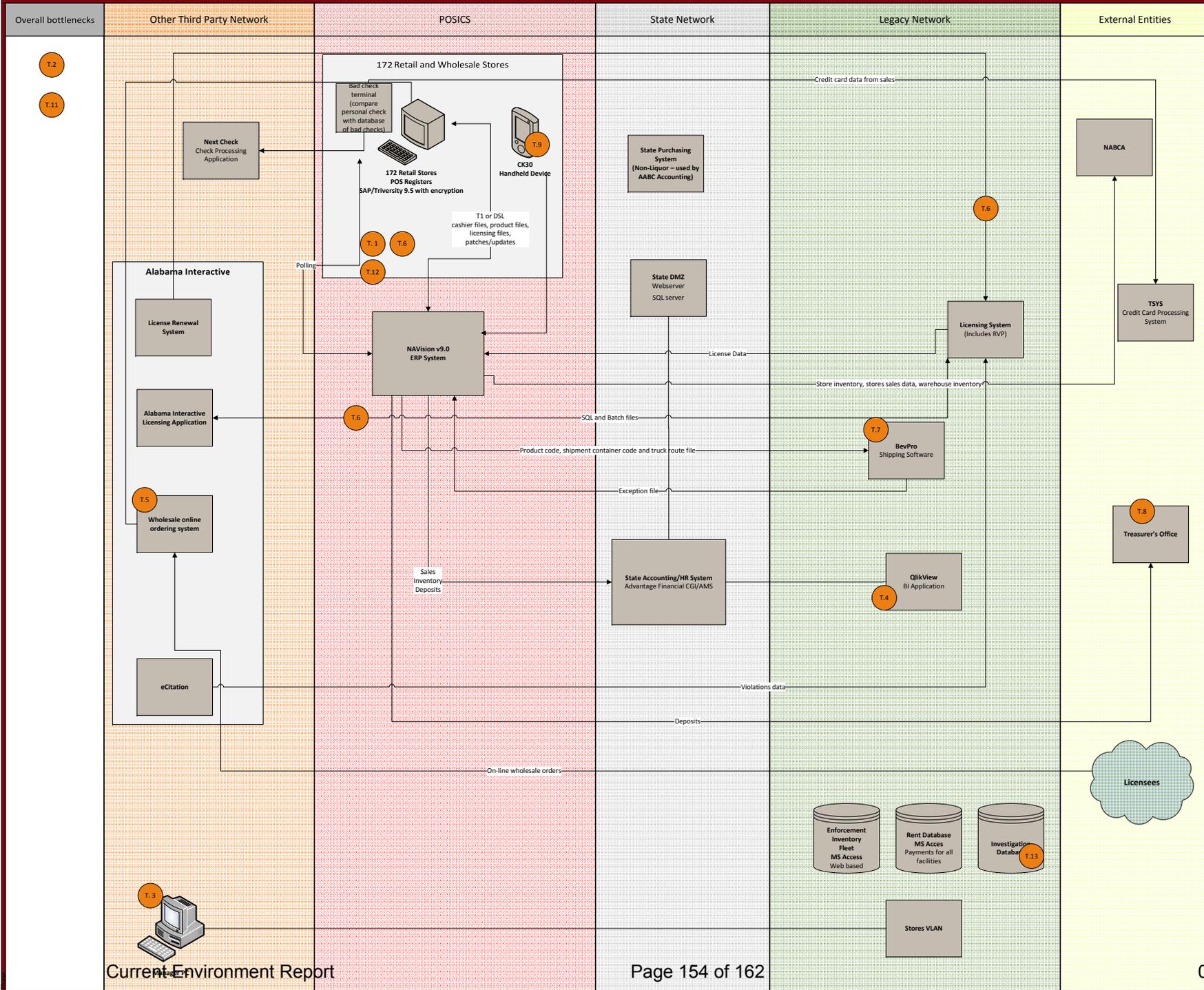
Current AABC Wholesale and Retail Hardware Inventory							
Approx. Date Purchased	Description	Make	Model	In Stores	In Office	Parts Depot	Total Quantity
2007	Registers and monitors	NCR	7402	399	-	-	399
2007	Receipt printers	NCR	Not available	399	-	-	399
2007	Handheld scanners	Intermec	CK30	399	-	-	399
2007	Pin-pads	Verifone	MX860	390	-	-	390
2007	Manager's PC	HP	8300 Elite	175	-	-	175
2007	Page printer	Samsung	DS9808	173	-	2	175
2007	Pole displays	NCR	Unknown	Unknown	-	-	Unknown*

* pole displays are not replaced when they stop operating.

Table 4: Current Retail POS Hardware Inventory

3.2 IT Systems Architecture Diagram

The diagram on the next page is intended to provide a high-level understanding of the composition of the existing AABC systems environment. Bottlenecks, redundancies, and inefficiencies mapped below (in yellow numbered circles) are described in following section.



3.3 IT Systems Architecture -Specific Bottlenecks, Redundancies and Inefficiencies

T.1. There is no real-time connection to stores and polling is relied upon to pull data from the registers to NAVision.

T.2. Currently, the AABC website is updated manually with product information; two steps are required to get from a development to a production environment.

T. 3. Supply ordering from the stores is done through an AABC-developed program on the AABC website (and via the manager's PC in each store). Orders are then sent to the warehouse to deliver to the stores. This is in effect a manual inventory system for supply items.

T. 4. The AABC utilizes "QlikView", a system to identify sources of data and create a report from one product. Specific inefficiencies are:

- QlikView is still somewhat segregated and not integrated into the AABC workflow.
- The AABC has implemented QlikView now but is not relying on it yet.
- QlikView is underutilized.

T. 5. Licensees use the previous night's inventory for online ordering, and therefore the product may not exist when they make an order.

T.6. The time needed to send data from Licensing to the Alabama Interactive online renewal system, and then between NAVision and the stores is too long. It takes an unreasonable amount of time to get a licensee in the system.

T.7. Sometimes receives product file and UPC file are received at the same time. When this occurs, BevPro/RapidRoute cannot carry out its functions.

T.8. Current environment requires manual verification between what was deposited in the state financial system and NAVision.

T.9. The CK30 handheld device is prone to connection and scanning problems.

T.10. PIN debits are not accepted due to the associated cost and inconvenience of new injections on the Verifone MX860 signature capture devices.

T.11. The existing POS system offers limited product discount functionality.

T.12. Data must be reformatted (unencrypted and payment card information removed) before it enters into the ERP system. The system will not accept files unless they are reformatted. This problem is significant enough to compel AABC to be staffed until 10 p.m. Monday through Saturday. All transactions need to be monitored because if there is an error in receiving store data, it must be manually fixed so that sales from as many stores as possible are processed.

T.13. There is no interface between the investigation contacts database and the licensing system. Accordingly, details from investigations must be manually added to a licensee file so that when Enforcement inspects a licensee, notes from any current investigations are present.

4.0 Glossary

Term	Definition
30-day expedite report	A report sent to vendors that shows products that have less than 30 days of inventory based on historical data.
A58	A form used by stores to record process discrepancies in product shipments.
AABC	Alabama Alcohol Beverage Control Board.
ABC	See "AABC".
ABC Code	A unique identification code assigned to each product by the AABC.
Accounting division	The Accounting division of the AABC is responsible for receiving all revenues of the AABC.
Administrator reports	Reports provided to the AABC administrator to detail revenue disbursements to other entities.
Advanced Shipment Notification	A notice from a vendor about a pending product shipment to the warehouse.
AFNS	Advantage Financial Accounting system. The software used for agency level accounting in the state of Alabama.
AI	See "Alabama Interactive".
Alabama Interactive	(A.K.A. AI) A third party organization that provides many services to the state of Alabama. Many of the web interfaces utilized in the AABC system are designed and maintained by Alabama Interactive. See http://www.alabama.gov/portal/secondary.jsp?id=eGovernmentInitiative .
ASN	See "Advanced Shipment Notification".
Audit division	The Audit division is responsible for internal audits, audits of the records of all beer and wine wholesalers and all AABC stores, in addition to physical inventories of the warehouse and AABC stores.
Bailment	The process of vendors placing inventory under the custody of the AABC until it is shipped from the AABC warehouse.
Bailment charges	Expenses charged to the vendor to cover the cost of the bailment warehouse.
Batch	A term often used to denote a grouping of items worked on together in a computer system.
BevPro/RapidRoute	The warehouse conveyor system used by AABC.
Bins	Individual locations for products in the warehouse.

Term	Definition
Blind cash count	A process for counting money at the end of shift, where the cashier is not given the total amount expected prior to entering actual cash totals in the POS system.
Board owned stock	Product that is owned by the AABC (is not bailment inventory).
Bottle room	The room in the warehouse where subcase inventory is kept. Usually the result of broken inventory.
Broker	An entity that sells spirits on behalf of the manufacturer.
Buy-ins	The process of purchasing inventory and bringing it into the AABC warehouse as AABC owned inventory rather than bailment inventory, typically because of a special price break.
Certification of eligibles	List of qualified people eligible for hire in the state of Alabama.
CK30	The model of mobile handheld used in stores and the warehouse for inventory purposes.
Claims	Claims are used to make adjustments to inventory for things like breakage, overage, shortage etc.
Code	Can be used generically to mean product, or can actually mean a code, as in a barcode, for example.
Code distribution	The shipment of specific product to stores by store.
Count by code report	A report that displays the quantity of inventory for each product.
De-listing	The process of removing a product from the list of products sold at AABC retail stores.
Delivery Sheet	See "load sheet".
Depletion	The reduction in the quantity of product on hand.
DHR	Department of Human Resources.
Direct import authorization form	A form used in the process of shipping alcohol, (usually wine) sold out of state, to an AABC store for the purpose of paying taxes.
Disbursement	The process of paying out money.
Distribution	The process of sending product to AABC stores.
Districts	Sub-regions of AABC stores. There are seven districts for each of the two AABC store regions.
E-citation system	The online system created by Alabama Interactive and used by Enforcement to track licensee violations.
Enforcement	The Enforcement division of the AABC is responsible for enforcing alcoholic beverage laws in the state. They are also responsible for issuing license to sell wine, beer, and spirits in the state. Alabama has

Term	Definition
	both wet and dry municipalities and counties and the Enforcement division is responsible for issuing licenses according to those designations.
General ledger	The ledger that contains all of the financial accounts of a business; contains offsetting debit and credit accounts.
Inventory	The complete list of stock in a location.
Inventory batch	A file in the warehouse inventory counting process which contains bailment and ABC-owned inventory to scan against and report from.
Item codes	A term used to identify products of the AABC.
Law 100 file	File of deposits data that is exported to the state's accounting system (AFNS).
Leave slip	A form used by AABC employees to request time off.
License fees	Fees paid by licensees for the privilege of selling alcohol in the state of Alabama.
Licensee	A wholesale customer of the AABC licensed to sell liquor in the state of Alabama.
Listing	The process of adding a product to the list of products sold at AABC retail stores.
Load sheet	A list of store shipments used to communicate with the AABC contracted trucking company for use in creating a trucking schedule.
Location codes	Code numbers or descriptions assigned to group products into counting areas during inventory counting for the purpose of easily being able to find inventory when recounts are necessary.
Loftin Brothers	The AABC-contracted trucking company used to ship product from the warehouse to the stores and back.
Manufacturer	A vendor that produces alcoholic beverages.
NABCA	National Alcohol Beverage Control Association - the association for alcohol control states.
NABCA Diver system	A reporting system maintained by NABCA that holds all product sales and inventory information for all control states. Diver is used by NABCA for business analytics.
NAVision	The ERP solution used by the AABC and designed by Microsoft.
NexCheck	The check processing company used for check verification services.
Non-exempt employees	Employees who are employed by the State of Alabama and whose hours are subject to overtime pay under the Fair Labor Standards Act.
Out of stock report	A report sent to vendors that shows products that are out of stock.

Term	Definition
Over/short report	Displays the amount of bottles that are in excess of projected inventory or deficient from projected inventory.
Personnel division	The Personnel division of the AABC handles and manages all matters related to AABC staffing. This includes benefits management, payroll, training, discipline, and regulations related to the management of personnel.
Picking	The process of taking product off the shelves in the warehouse for shipping to a store.
Planogram	The planogram is a visual diagram, or drawing, that provides in detail where every product in a retail store should be placed.
Point of sale system	This refers specifically to the register system at the store level which utilizes Triversity software, and not to NAVision which is the ERP at the central office.
Polling	The process of gathering point of sale financial and inventory information from individual AABC stores to the central headquarters.
POS	See "Point of Sale system".
Posted/Posting	Recorded in the system such that an item is finalized and no longer in pending status.
Post date	Date in which an item is paid or otherwise clears or becomes non-pending.
Product	Spirits or liquor sold by the AABC.
Product file	The place where all product information is accessed in NAVision.
Product Management	Division of the AABC that oversees all retail and wholesale operations of the AABC.
Purchasing	Division of the AABC within Product Management responsible for listing merchandise (liquor product).
QlikView	A program which provides business intelligence and forecasting to the AABC.
Receipt	Can be used to describe a piece of paper printed from a register or computer system, or may be used as a verb to describe receiving of inventory.
Register	Denotes an individual POS station.
Replenishment	The process of keeping product stocked in AABC retail stores and in wholesale stores.
Replenishment file	Truck delivery information entered/calculated in NAVision based on parameters provided.

Term	Definition
Retail code	A product that is sold on the shelf in retail AABC stores.
Retail transaction.	A transaction performed to sell product to retail customers at AABC stores.
ROSCOE	Mainframe development system similar to TSO.
Route file	Store replenishment information sent to BevPro/RapidRoute.
RVP	Responsible Vendor Program. An AABC enforcement program to encourage knowledgeable licensees that provide alcohol in a responsible way to consumers.
S9A	Claim for liquor that is broken, damaged, defective or that is simply purchased from a vendor during a buy-in.
SCC Code	Shipping Container Code - the barcode used to identify cases of products.
SOC	See "Store Operations Control".
Special requests	Any request for a product at an AABC store that is not normally stocked on the shelves.
Stock	Products kept on the premises of an AABC store or warehouse and available for sale or distribution.
Store Groups	Store groups are used for shipping product to stores.
Store layout	A map of how product is laid out in an AABC store.
Store Operations	Division of the AABC responsible for oversight and operations of all of the AABC stores.
Store Operations Control	Store Operations Control (SOC) - a division of the AABC responsible for management of the operations of stores.
Store request file	A list of requests from each store which can be reviewed in NAVision. It is used as input to store replenishment.
Store reset	The process of making changes to the layout of an existing store.
Stores division	See "Store Operations".
Superstore	A licensee who receives a significant enough volume of product to require a direct shipment from the warehouse instead of picking up product from a wholesale ABC store.
Supplier	See "Vendor".
Terminal	Denotes an individual POS station.
Transfer receipt	A receipt attached to product for use during a transfer from a store to another store, or to the warehouse.
Treasury file	File containing deposits of product sales for export to the state

Term	Definition
	Treasury.
Triversity	The SAP designed POS software used at all AABC stores.
TSYS	The merchant service provider for the AABC for processing payment cards.
UPC Code	Universal Product Code - the barcode used to identify individual products. Placed directly on the bottle.
Variance report	A report that displays a discrepancy in inventory between expected and actual inventory levels.
Vendor/Supplier	Used interchangeably to describe a company that provides spirits to the AABC.
Vendor of record	The legally correct record of a vendor according to AABC filings. There are often discrepancies in who is the vendor of record because subsidiaries change ownership so frequently.
Warehouse batch	A grouping of all shipments scheduled for store replenishment.
Warehouse inventory at cost report	A report that displays the total value of inventory in the warehouse.
Waves	Groupings of products picked together for loading on a truck. One shipment to a store may include several waves.
Wholesale code	A product that is not sold on the shelf in retail AABC stores, or the AABC code assigned to a wholesale product.
Wholesale transaction	A transaction performed to sell product to licensees at AABC stores.
Wholesaler	A vendor that sells alcoholic products on behalf of a manufacturer, but does not produce the alcohol.
WMS	Warehouse Management System.