



ALBERTA
LIQUOR STORE
ASSOCIATION

Risk Management Platform

June 7, 2017

- Make ALSA membership compelling for all liquor store owners in Alberta
- Support professional development of members
- Ensure risk management is as effective as it can be
- Support ALSA marijuana objective
- Develop low cost and reliable insurance for ALSA members

- Risk management
 - Data driven
 - Easy
 - Agile
 - Strategic
 - Valuable
- Insurance
 - Integrated with risk management
 - Comprehensive
 - Understandable
 - Reliable
 - Easy
 - Valuable
- Marijuana
 - Reliability
 - Feed back
 - Agility

RISK MANAGEMENT IS EASY IN THEORY

- **Accentuate the positive**

Businesses want as many good things to happen as possible and for them to be as positive as possible

- **Minimize the negative**

Businesses also want as few bad things to happen as possible and, if bad things happen, for them to have as little negative impact as possible

BUT RISK MANAGEMENT ISN'T EASY IN PRACTICE

- Many domains
- Complex
- Dynamic
- Expensive
- Time-consuming
- And no business can retain in-house all the expertise or resources it needs to manage risk effectively

BENEFITS OF GOOD RISK MANAGEMENT

Well risk managed businesses:

- Have materially higher valuations (+40%), lower costs and higher profits
- Spend more time with customers, and
- Enjoy greater strategic flexibility

than poorly risk managed firms.

- Make good risk management simple, every day
 - Low cost
 - Practical
 - Visual
- Make risk management data driven
- Provide risk managers/business owners with well-informed choices
- Ensure risk managers can implement risk management decisions effectively
- Create easy adaptability to change

Create an insurance process that has:

- No application forms
- Low cost premiums
- Comprehensive coverage
- Straightforward policy language
- Reliable claims handling



Objective

- The platform is designed to help a liquor store owner understand their business and it's risks and to make and implement well-informed risk management decisions.
- The platform will also allow ALSA to demonstrate reliability of risk management across all owners to Provincial regulators, that new issues will be identified quickly and that solutions to the issues can be developed and deployed as quickly.

Process

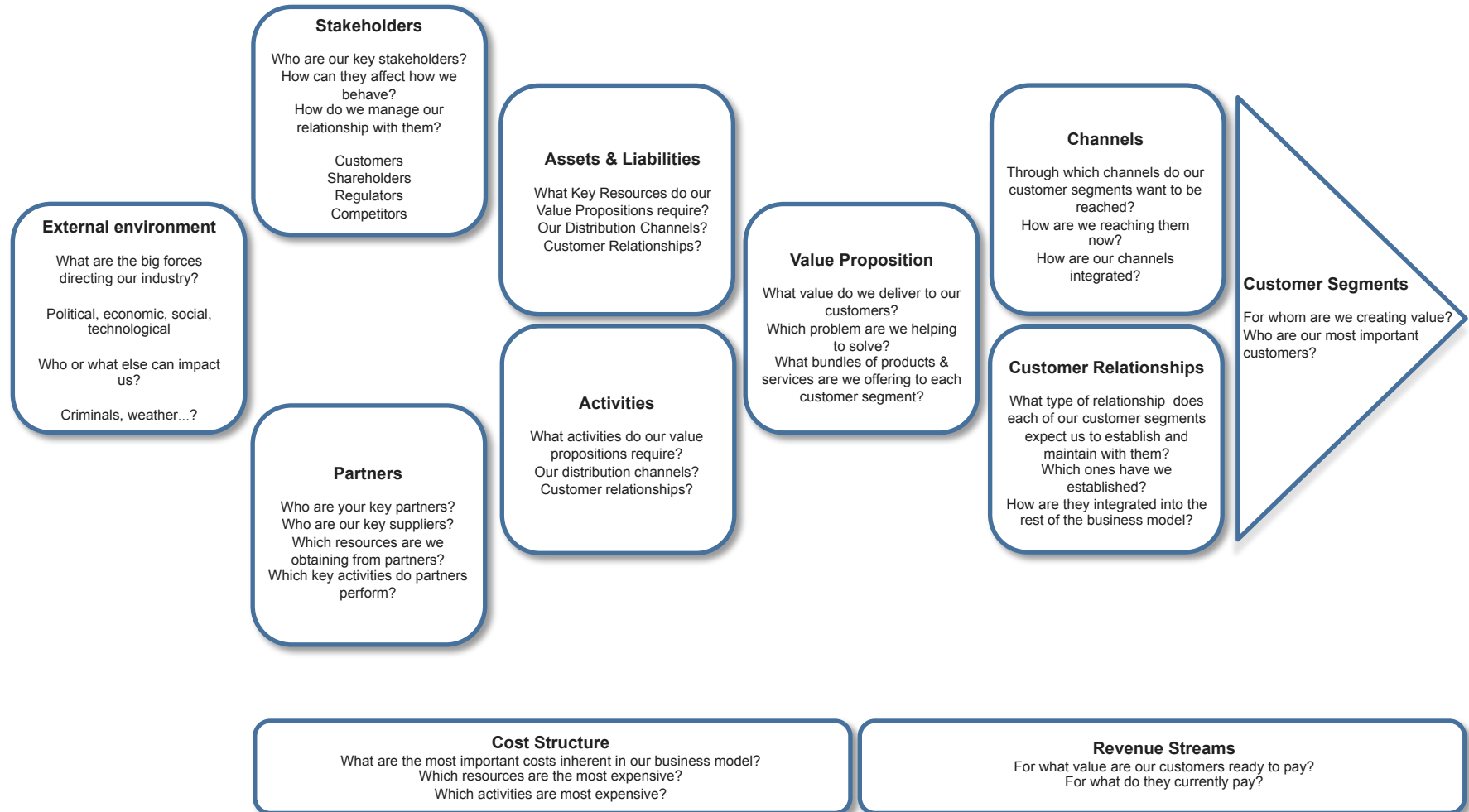
- An ALSA Member signs up to the portal, gives name and address and, automatically, the platform will scrub public data, to collect the very basic information usually needed to obtain an insurance quotation with a few verifying questions added in.
- The system will then begin to ask each member questions; these might be informed by standards developed by ALSA or as a result of best practices captured from different store owners or from risk management expert input – or a combination of all three.
- The member will quickly discover where they are in terms of risk management relative to the standards or their peers (in the aggregate, not specifically) and what they could do to improve their risk profile - with a reward of lower cost insurance.



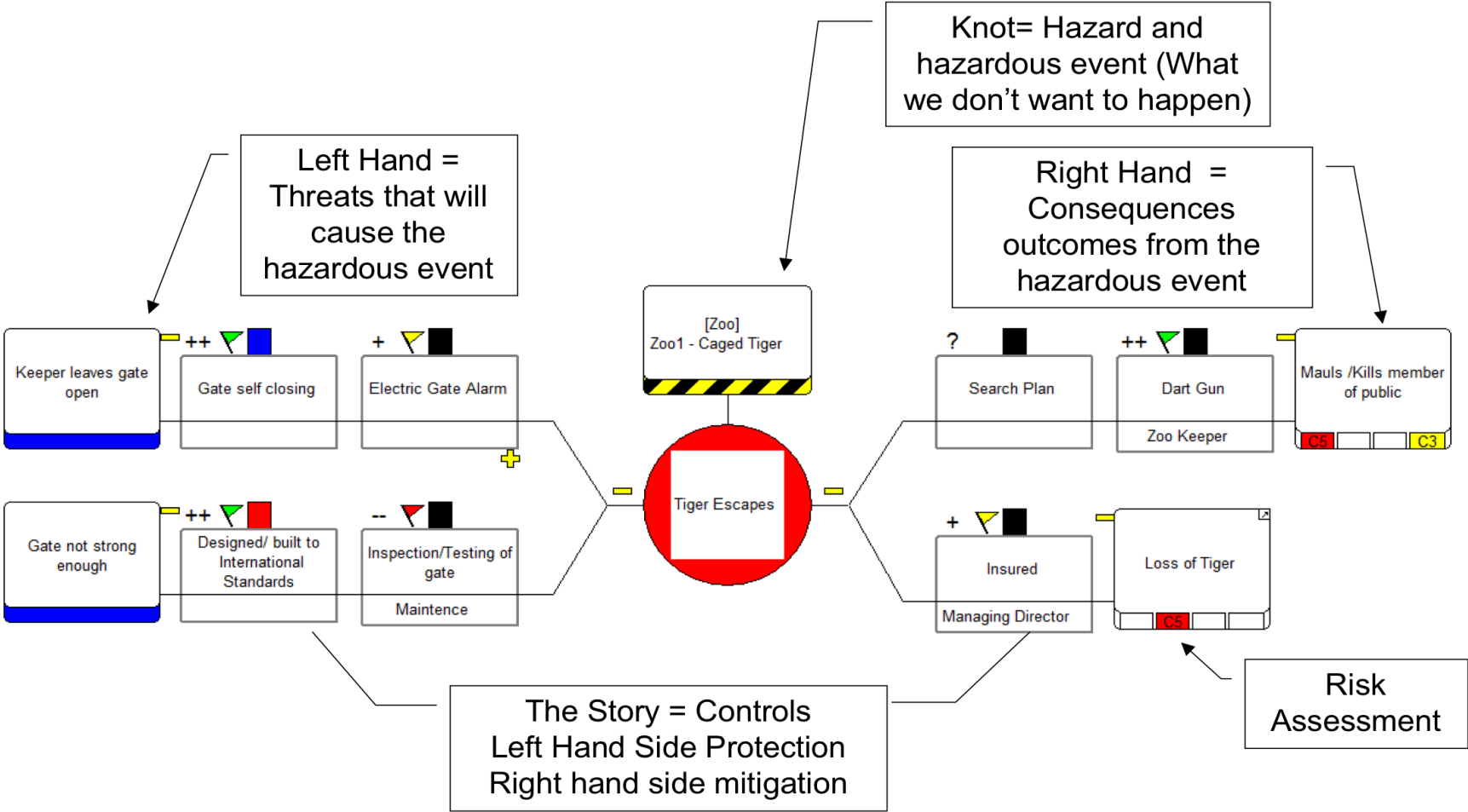
THE STRUCTURE OF OUR SOLUTION



ESTABLISHING CONTEXT - THE RISK CANVAS



RISK MANAGEMENT BOW TIE



- New
 - Business
 - Product
 - Customers
 - Process
 - Marketing
 - Etc.
- What to expect
 - much change in early years while lessons are learned
 - heavy scrutiny from regulators at all times
- New expectations of ALSA members over and above liquor sale expectations that customers, regulators, and wholesalers will all have
 - Reliability – certainty of risk management capability across all members
 - Feed back – from the front line, so the need for change can be identified quickly
 - Agility – the ability to adapt quickly and effectively to change

Reliability of risk management, rapid feed back and agility are core elements of the platform

1. Find critical mass of volunteer test pilots
2. Develop initial partner relationships
 - a. Carrier
 - b. Risk Management experts
3. Develop minimum viable app
 - a. User interactions
 - b. The core tool
4. Test the app
5. Extend the app to develop more and better risk information

In exchange for your agreement to provide members to act as test pilots...

1. Insurance

- We will develop a competitive insurance program for ALSA members
- Subject to your approval, you will appoint us to deliver that program to your members later this year, which part funds 2.

2. Risk Management

- By late this year, we aim to be ready to start stage 4 of our roll out – testing the app
 - We will jointly prepare messaging for ALSA members explaining what you are looking to achieve
 - We will jointly find willing volunteers – liquor store owners - to work with us to test the app
- We will roll the platform out more widely, once the interaction and tool layers have been tested and are working well

3. Develop capabilities

- Work with broader membership to develop expertise in targeted areas – marijuana specifically



THANK YOU!

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