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OFFICIAL PUBLICATION OF THE
MINNESOTA MUNICIPAL BEVERAGE ASSOCIATION

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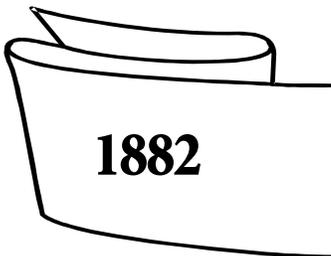


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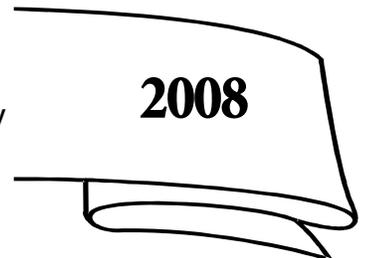
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On The Cover

Recently, thieves stole a 600-pound safe from an MMBA member facility. It is estimated the process took about 3 minutes.

This example shows the sophistication of today's criminals, and the importance of building and perimeter security. It is also important to look at cash handling procedures and other internal controls.

During these economic times the revenue generated by municipal liquor operations is more important than ever. As a result, managers need to ensure the stash is stashed properly.

For more information on this subject, see pages 6 & 10.

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MMBA President's Message



Gary Buysse
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You are your city's stimulus package!

A.I.G., Bear Stearns, Citigroup; you're all familiar with the names. These companies and many others like them have become symbols of corporate excess, mismanagement and greed. Many of our financial institutions are also teetering on the brink of disaster due to poor investment strategies and general mismanagement.

The Federal government deemed it necessary to provide these companies and banks with working capital, or economic stimulus, to forestall what could possibly be the ultimate collapse of our economy. This decision has created a climate of increased interest and a certain distrust of big government, as government influence is increased in areas previously dominated by private business. State and local governments can expect fewer federal dollars and are faced with the responsibility of funding many projects and daily services more creatively than ever.

This is where we come in.

Regardless of size, our municipal liquor stores are more important to our cities than they ever have been. Our existence may represent the only accessible revenue source available to our city officials. It is our responsibility to manage them efficiently and profitably!

Operating hours need to be monitored to maximize efficiency. Do we still need to open as early as we have in the past? Can we close earlier in the evening on certain days? Hourly sales reports are a useful tool when determining efficient operating hour strategies.

Analyze labor costs. Staffing levels can be reduced at non-critical times to reduce employee cost. Are you currently carrying the appropriate mix of part and full time employees? Our staff members are our most important resource, but our ultimate responsibility is to our citizens and communities.

Control inventory levels. I don't care how great you think you are, you can't control your inventory without some type of inventory control system. You can't control it in your head! You need to order in a manner that is most cost effective and profitable for your store. Carrying inventory over two months in quantity is generally the absolute maximum. Items that turn more slowly may be ordered individually and marked accordingly including split case charges. The inventory you carry in your back room may have looked better in your bank account. Effective inventory management will greatly enhance the economic profile of your operation.

Do an overall cost analysis. Is your janitorial expense reasonable? Does your city do your maintenance, plowing and

mowing? Are you getting the best price on your liquor liability insurance? If you are a combination store and you insure with the League of Minnesota Cities Insurance Trust you are probably paying more than necessary!

The current political and economic climate has created an atmosphere of increased accountability in the private and the public sector. Our elected officials, city administrations and residents expect more from us this year. It is our job to operate our businesses as cost effectively, efficiently and profitably as possible to assist our cities with the current budgetary crisis facing us all.

As I have said before, there is more to management than stocking the beer cooler. Our member fraternity provides all of us with limitless access to information. All we need to do is ask the question of a fellow MMBA member or Director. As managers we need to be prepared to ask for assistance when we don't know the answer.

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Is Your Stash, Stashed Properly?

By Lakeville Liquor
Manager Brenda Visnovec

Recently, the National Retail Federation reported that due to the down turn in the economy, employee theft, which has long been the largest portion of retail loss, is now on the decline. Evidently, jobs are now worth more than a \$20.00 bill in a pocket or a bottle of booze out the back door.

While this is good news, they are unfortunately reporting that retailers are now recording a dramatic increase in organized crime, including burglaries, major shoplifting schemes and fraud. Unfortunately, we as MMBA Members are not immune to these occurrences.

Just recently, one of our members was burglarized overnight. They lost their safe and all the money within. The irony in all of this... the store had high tech surveillance equipment, door and motion alarms and a giant safe that no one thought could be moved. With all of this equipment in place, the thieves were still able to break into the store, go through a window and remove the 600 pound safe all in less than three minutes time.

In comparison, we've had board members witness some of our members toss their deposits into file cabinets and even in one circumstance on to a store room shelf. This is not security, this is stupidity.

So how can we ensure our stash is stashed securely?

1. If not cost prohibitive, use technology to your advantage by installing surveillance equipment, motion sensors and door alarms.
2. Don't share information regarding opening or deposit procedures. If staff must know these procedures
3. Don't place your store or safe keys on the same key ring as your car keys. Car keys go everywhere with you and are often misplaced or borrowed.
4. Secure your safes. As proven above, even 600 pound safes are not a deterrent. Bolt your safes into the floor, and whenever possible, conceal them in a location not visible to the public, such as in the floor or inside a cabinet.
5. Have your staff all leave as a group at the end of the night. One person leaving a building is more vulnerable to a robbery and/or bodily harm.
6. If you can afford them, drop safes located at the registers is a good idea. Having staff drop large bills or accumulation of other bills allows the money to be spread in multiple locations throughout the store. Just seeing that multiple safe locations are being used may be just enough to deter potential thieves.
7. Ensure all of your exterior doors have dual locking mechanisms including a dead bolt that has a minimum throw of 1".
8. At the end of the night, make sure your staff conducts a walk around the entire store including restrooms, offices and behind displays. You want to make certain that nobody is left behind.
9. Always use common sense when handling money. Post signage that staff does not have access to safe combinations. If counting money in an office, doors should be locked, and drapes should be drawn.
10. Ask your staff to be aware at all times. Use incident reports as part of your daily routine. If your staff witnesses anyone or anything peculiar they should record it on an incident report. While an individual may just be an odd duck, they may also be casing the location. Have your staff right down descriptions or license plates of individuals who appear in areas that private citizens shouldn't be such as store rooms, coolers or closed offices, or of people who shop for long periods of time without purchasing anything. You never know what this information could lead to.

During these economic times, when cities are facing huge budget deficits, the revenue we generate is more important than ever before. As managers we need to ensure we do our job to be best of our ability and make sure that we stash the stash properly.

Stay Safe!

How People Receive Messages From Others in Face-to-Face Situations

55% = Body Language

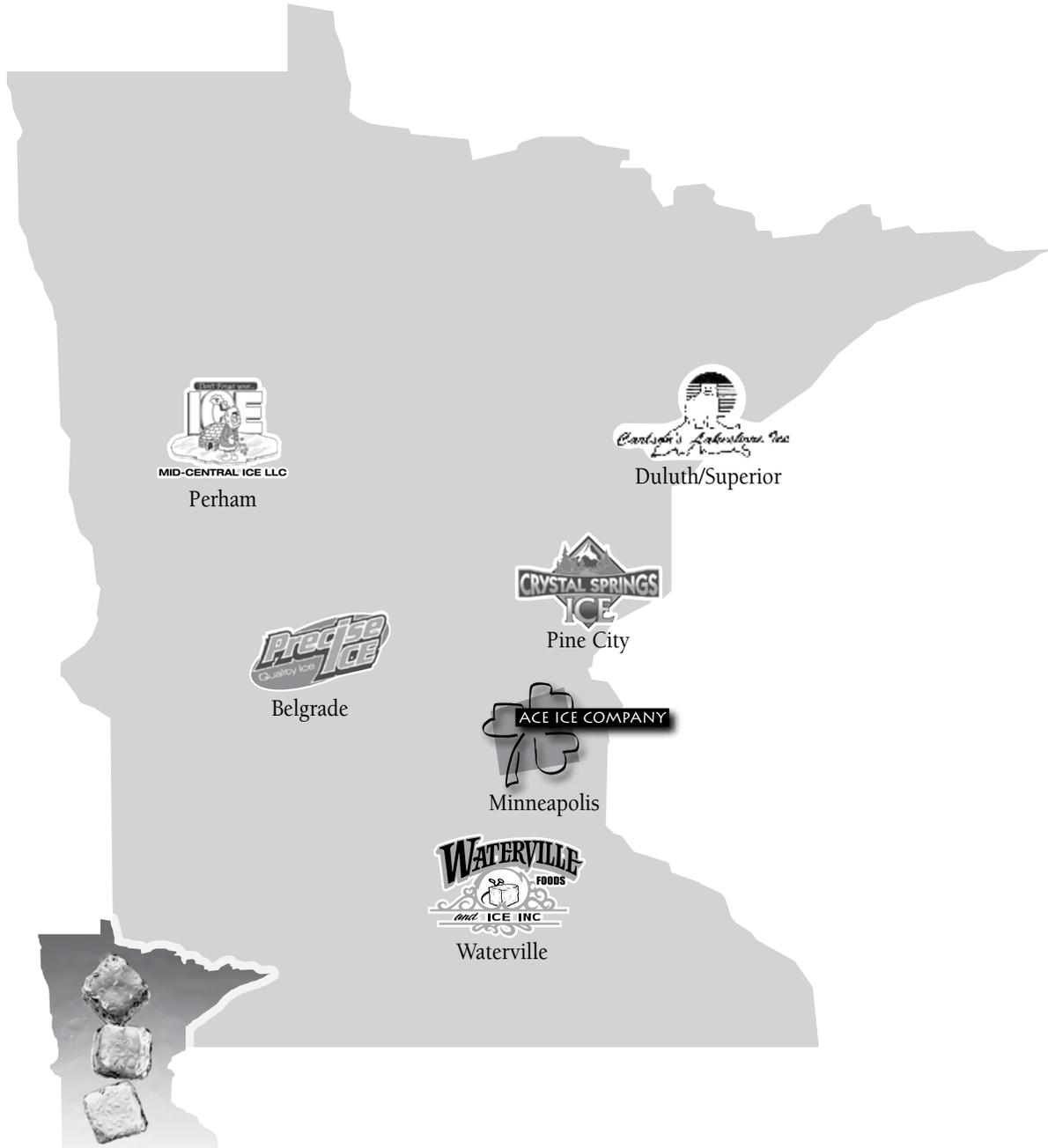
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Perham Liquor Sales Up Nearly Half-Million

*Louis Hoglund
Perham Enterprise Bulletin -*

Sales at the Perham municipal liquor store increased by nearly a half million dollars from 2007 to 2008.

Year-end financial reports have been released on the municipal-run store's performance. Sales in 2008 increased an estimated 33 percent over 2007.

The new store, with its highway location, opened in early spring. So, the store didn't have a full 12 months of sales at the new site. Still, gross sales in 2008 were \$1.99 million--compared to \$1.52 million in 2007.

"If you consider it was only nine months in the new store, and some of the unusual expenses we had as a starting operation, I'm fairly pleased," said Perham Mayor Kevin Keil. "2009 will be a true test of where we're at, and give us a true reflection of what we can do."

In terms of operating profit, the store earned \$283,222 in 2008--compared to \$221,821 in 2008.

But debt service was \$53,799 --compared to only \$14,628 in 2007.

Also, the remodeling of city hall, including the downstairs Chamber of Commerce headquarters, tapped \$125,000 of the liquor store profits. A total of \$245,750 was transferred from liquor store proceeds to the city's general fund and the remodeling. Last year, only \$193,999 was transferred from liquor store revenues to the general fund.

The liquor store was also tapped for a \$10,000 donation to the Perham Area Community Center, which was not the case in 2007.

With the debt retirement and the unusually high transfer of revenue, the actual bottom line was a \$22,163 loss--compared to a \$9,346 gain in 2007.

"Our goal was to transfer as much as we ever have to other city expenses, and still service the debt, so we're fairly pleased," said Keil.

If not for the \$125,000 transfer of funds to the city hall remodeling project, the store would have shown a \$100,000 profit--after all expenses, including debt repayment.

Wages were up about 9 percent, but that was expected because of the expansion of the facility and the increased retail traffic. In total, salaries and wages were \$99,609 in 2008--compared to \$90,025 in 2007.

With the increased inventory for the larger store, freight costs were up about

\$5,000. Also up were credit card fees, by about \$5,000, due to the increase in retail transactions.

Insurance premiums, likewise, rose in correlation with the value of the new facility--by \$5,000.

Utilities were \$10,000 more than last year, with \$14,471 in utility costs for 2008, compared to \$4,165 in 2007.

The 33 percent increase in total sales is actually ahead of projections, noted Keil. The city was aiming for at least a 25 percent increase in the first year.

"Our goal is to have the place double in sales within a few years--and ultimately, it looks like we'll get there."

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Premises Security Tips

The following 10-point checklist provides a starting point for considering the security of your business premises:

1. Security lighting. Is security lighting installed throughout and around the premises? Are all lights operating? Is some lighting left on inside the business at night? Are entry and exits well lit?

2. Building design. Is the building solidly constructed so unauthorised access is restricted? Is there adequate protection against entry through the roof? Is the building secured to reduce the risk of vehicle ram raid?

3. Doors and window. Are the external doors and windows solidly constructed?

Are they fitted with deadlocks? Are doors and windows locked at all times? Are skylights secured?

4. Property identification. Has the make, model and serial numbers of items such as computers, printers and photocopiers been recorded? Is your property photographed for identification?

5. Telephone. Are telephones pre-programmed with emergency contact numbers? Are telephone lines installed in such a way so they cannot be tampered with (particularly important if your alarm system is connected to your telephone line)?

6. Safes. Has a safe been installed? Is it appropriately positioned? Does it

have a drop-chute facility? Is it kept locked?

7. Cash handling. Are there established cash handling procedures? Do you have irregular banking procedures? Is money counted out of public view? Do you use a company to transport cash?

8. Key and valuables control. Is there a key register? Are all keys secured? Do staff have somewhere to store their personal items securely? Is there restricted access to this area?

9. Alarm systems / surveillance equipment. Is an intruder alarm system installed? Is it monitored? Is surveillance equipment installed? Is footage recorded with the tapes kept for a minimum of seven days? Is there a fire alarm?

10. General. Are sensitive documents appropriately destroyed? Are computer passwords changed regularly? Do you have an emergency evacuation plan? Do staff know the plan?

In addition to the above checklist, the implementation of a security plan is an ideal time to review your business insurance. Consider:

- What does your Shop & Retail Insurance policy cover?
- Have you met all the minimum requirements stipulated in your policy?
- Have you updated your business insurance policy to reflect any new purchases or changes to your business?
- Do you need to upgrade your insurance to include add-ons such as stock protection, contents insurance or theft by employees?

Making Citrus Wedges

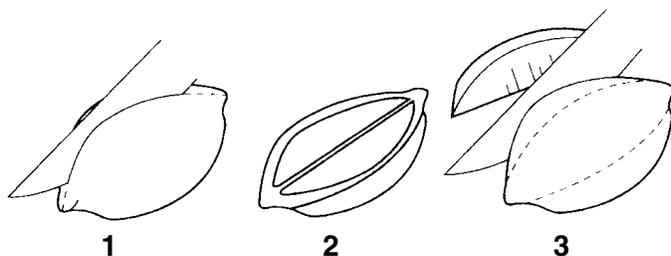
1) Slice the fruit in half the long way.

If you commonly hang your wedges on the edge of a glass, go ahead and cut a notch in them now. Make a small cut the short way across the inside of each half at this point. Make sure you don't completely cut through the fruit's peel or you'll cut the wedges in half, rather than notching them.

2) Lay the cut halves down, (peel side up) and halve them the long way again.

3) Cut each of those halves the long way to create eight wedges total.

(Note: A "squeeze" is very similar to a wedge, but smaller. In fact, it's half the size. Make wedges as shown below and then cut those wedges in half the short way. Rather than hanging on the side of a glass, a squeeze is squeezed into the cocktail by the bartender, and then dropped in the drink.)





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For 2009, A "To-Do" List For Wine

Taste a flight, find a new store and lose that old corkscrew. A checklist of 20 things to try this year

By *DOROTHY J. GAITER AND JOHN BRECHER*

Happy new year! Here's a checklist of 20 things to do this year that will make wine more fun, whether you are just beginning your wine journey or are far along the road.

Try a Wine From a Different Country

A country whose wines are new to you. Have you ever had a wine from Croatia? Uruguay? Georgia? Next time you see one, grab it. They're out there.

Go to a Wine Bar and Have a Flight of Wine

If you have been to some wine bars before, try a wine bar you haven't visited.

Order the Cheapest Wine on a Restaurant's Wine List

Really, just screw up your courage and do it. Restaurateurs know that many people won't order the cheapest wine on the list for fear of appearing miserly, which is why the second-cheapest wine on the list is often the worst deal. The cheapest wine can sometimes be a pretty good deal.

Open a Sparkler at Home for No Reason at All

There are so many reasonably priced bubbly these days that they can be cheaper than ordinary Merlot or Chardonnay. Put a bottle in the fridge and open it for dinner. Yes, then it will seem like a special occasion, but that's the point.

Take Notes on a Fine Wine From Beginning to End

Make a notation of the time when you open it, then drink slowly and take

notes throughout. Whether it's a fine white Burgundy or a good Cabernet, the wine will change with time, air and warmth. When you go back over your notes, you might be amazed at the changes. It's like pictures of children: You know they've grown up, but it's only when you look at the old pictures that you realize just how much.

Have a Sauternes

This -- the real thing, from France's Bordeaux region -- is the classic sweet wine. Yes, it will most likely cost you some real money, but, fortunately, they do come in half bottles. Still, Sauternes is underappreciated and therefore, in its own way, a good deal. There are few more life-affirming wines, especially with some age, and even that half bottle could last several nights, making it more cost-effective.

Have a Blind Tasting

Maybe you want to go whole-hog and invite over a few friends and ask everyone to bring, say, a 2005 Bordeaux under \$20 in a brown-paper lunch bag. But doing that at home with your significant other and just two bottles of the same kind of wine is also fun and instructive.

Organize Your Labels

We've heard from many people over the years who have saved wine labels, but just keep them in a big pile somewhere. Get a photo album and put them in. Maybe jot a little note for the special ones about where you drank it or why you liked it. Looking at them will bring back savory memories.

Visit the Closest Winery to Your Home

It's amazing to us how many people haven't visited the winery next-door. Now that there are commercial wineries in all 50 states, there is likely to be a winery near you. If you have visited

the closest winery, drop in to the second-closest, and so on. You'll be amazed at the diversity of wines and styles in your own neck of the woods.

Attend a Winemaker's Dinner at a Restaurant

Keep your eyes open and you will find plenty. They are not only fun, but often can be a very good value. Sometimes wine stores sponsor these, too.

Have Fun With Stemware

Experiment. Try a good sparkling wine in a regular wine glass. Pour the same fine wine into two different kinds or sizes of glasses. We all have our "everyday" glasses, but they can get boring if you don't watch out. Engage all of your senses when you drink wine.

Find a New Wine Store

Buy a bottle at a wine store where you have never shopped before. With all of the good shops these days, there's no reason not to find a caring, patient, knowledgeable merchant. Even if you have a great merchant, every store is different, so give another store a try.

Try a Varietal You've Never Had From a U.S. Winery

American wineries make all sorts of interesting wines that are hidden among the Cabernet Sauvignon and Chardonnay. Maybe you've never tried Norton, or a Melon made in the U.S. Now's the time.

Either: Have 12 Different Bottles in the House at Once

Even now, most Americans don't have a single bottle of wine in the house. Buying a mixed case is cost-effective (because you will likely get a discount) and fun. And, if you are going to do this, think about getting one of those little wine coolers, which are widely available for \$150 and less.

Or: Drink Up

If you already have a wine collection, mark those bottles that really need to be drunk and then actually drink them. OK, we know you won't drink all of them, but if you drink just five of them this year, you can check this one off. (No, we're not sure we can do this one, either, but we'll give it a good try.)

Go Crazy on a Wine Pairing for Dinner Some Night

Try a New Zealand Sauvignon Blanc with steak, a Ripasso from Italy with Southern fried chicken, a sparkling Shiraz with barbecue. Just smash outside that box and see what happens.

Try an Older White

Many fine whites age beautifully, from white Burgundy to Riesling. Well-cared-for Muscadet can be beautiful for more than a decade. At a restaurant two weeks ago, we

had a 1991 Gewürztraminer from Alsace (Domaine Zind Humbrecht "Clos Windsbuhl" Hunawihl) that was so effortlessly rich, well-balanced and satisfying that at one point we called it "the essence of wine." If you have a merchant who offers well-tended older whites, or know of a restaurant that offers them, try one. If not, buy a good white and hide it somewhere for a while. (You can check this off if you've put a good white away somewhere and haven't touched it by Dec. 31.)

Try a Type of Wine You Think You Don't Like

Are you sure you don't like German wine? Have you tried today's Rioja? If there's any type of wine you haven't tasted for at least two years, get a bottle. Things change, including your taste.

Get a New Corkscrew

C'mon, we know that old corkscrew still kind of works and you've been through so much with it. We, too, hold on to corkscrews way too long. But give in and get a new one.

Serve a Dessert Wine to Guests

Maybe your friends don't think they like dessert wines and maybe you don't, either. But try an Icewine from Canada or a Muscat from the U.S. or something else along those lines (serve with fruit, nuts or cookies) and watch the wine disappear.

Shatter Your Price Limit

At least once this year, whether at a store or a restaurant, go above your usual limit for wine if there is a bottle that looks especially interesting to you. And the opposite applies as well: If you really believe there are no good wines under a certain price, try one.

2007 Municipal Liquor Report Again Shows Increased Sales & Profits

The 2007 Analysis of Municipal Liquor Stores has been released by the Minnesota State Auditor.

The report shows a continued increase in both sales and net-profits.

Total sales were \$291.7 million, a 3.7% increase over 2006.

Total net profits were \$22.4 million, and increase of 11.8% over 2006. Over the past five years, net profits have increased 16.7%.

Total transfers to other city funds were \$16.3 million, a decrease of 0.3% from 2006.

To see the full report, go to: www.osa.state.mn.us



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Police Work With Blue Earth Municipal Liquor Store To Identify Underage Alcohol Suppliers

*Tony Acosta
Faribault County Register*

Whether it's training provided by a grant three years ago or just plain luck, the number of people charged with furnishing alcohol to a minor has increased lately.

In the past month, three people have appeared in Faribault County District Court for providing alcohol to someone under 21 years old.

Police Chief Dean Vereide says the arrests weren't part of a sting, but rather the result of 'circumstances' involved.

Vereide says one incident involved a citizen reporting a loud party at a residence.

"We happened to be at the right place at the right time. A lot of law enforcement is just that," he says.

Vereide credits tips from the public in helping officials apprehend wrongdoers.

Residents are our 'eyes and ears,' he adds.

Part of the credit for the arrests may be due to a one-time grant Faribault County received in 2005.

That year, the Minnesota Institute of Public Health funded a program to target underage drinking and those furnishing alcohol to them. "Our officers have been trained in what to look for," says Vereide.

Countywide the ZAP program (Zero Alcohol Providers) was implemented to address the problem of illegal consumption of alcohol.

The county was one of three to receive a \$5,000 grant that could be used to

help pay for officer overtime hours and develop strategies and educational instruction.

From July 2005 to May 2007, 13 arrests involving furnishing alcohol to minors were made in the county. Of that amount, nine were in Blue Earth.

During that same period, nine citations were issued for underage drunk driving; 72 for underage drinking for those 18-20 years old; and 44 under 18 years old.

Despite tougher enforcement, drinking among youths remains a prevalent problem.

Vereide says there are always going to be persons willing to buy alcohol for minors.

County Attorney Brian Roverud says one of the persons charged has two previous convictions.

Furnishing alcohol to a minor is a gross misdemeanor and carries a maximum penalty of one year in jail and a \$3,000 fine.

"We implemented a mandatory sentence of 30 days in jail on the first offense," says the county attorney.

Under the county's ZAP sentencing guidelines, first-time offenders would face a fine of \$750 plus court surcharges, be placed on probation for two years, must do Sentence to Serve, obtain a chemical dependency evaluation, abstain from use of alcohol and submit to random drug testing.

Judge Douglas Richards says sentencing is handled on a case by case basis.

"Hopefully the sentences we are giving are sending a message," says Richards.

Vereide says the police department works closely with liquor establishments — especially the Blue Earth municipal liquor store — in identifying people who may be supplying underage drinkers.

"Our officers continue to focus their attention on catching the people who are buying it and are the suppliers," Vereide adds.

How Satisfied Is Your Staff With Their Jobs?

The most common reasons for an employee's resentful job attitude are:

- ✓ Not feeling listened to or appreciated
- ✓ Feeling overwhelmed by an ever-increasing workload
- ✓ Inadequate job training or support
- ✓ Lack of teamwork between departments
- ✓ Poor supervisors or managers

Ways To Improve Your Profitability

by Tony Lemaire

BUSINESSES ALWAYS LOOK

for ways to improve profitability.

Fortunately there are many options available to do just that as long as you are willing to do some homework.

By studying your product mix, pricing, marketing strategies, overhead, debt and cash flow you may learn some valuable lessons that will put you on track to running a better business with increased potential for profits.

Review your product mix

One big key to profitability is offering quality products that fill a need in high demand by your target market customers. Review your current product offerings to determine how they are performing.

Is each product:

- providing a tangible value and benefit to your target customer?
- in high demand?

- a good source of income for your business when you factor out direct and indirect costs?
- complementary to the other products in your product mix?
- expected to have a long enough life cycle for the required time and resource investment involved?

Based on your answers to the above questions, determine whether there are products that should be your product mix.

Next, review your current product line compared to your target customers' needs or wants. Determine if there are any additional product offerings that would be attractive to your customers and serve as companion products to your current offerings, really rounding out your product package. Incorporating products such as these can bring more income to your bottom line.

Ensure proper pricing

As customers become increasingly price sensitive, pricing can make or break the sale of your product. It can also have a huge impact on your profitability if you aren't able to maintain your profit margins. Gather market intelligence by asking these questions:

- What value and benefit do your customers get from the product?
- What is the current supply and demand for this product?
- Does any business currently offer this product?
- How does the competition price the product?
- Are these prices consistent with the customers' perceived value and benefit?
- What is the break-even pricing on this product when factoring in direct and indirect costs?
- Is it possible to mark up prices for additional profit and still remain competitive?
- How can your business set itself apart from the competition? Aggressive pricing? Service? Product packaging specials?

Next, set a pricing strategy that will allow you to adequately compete while maintaining profit margin. How much profit margin can you get? Do you want to lead, meet or lag the market in price? Do you want this product to be a loss leader? Is this a premium product where you may be able to ask for more markup? If the product has a short life cycle do you want to price the product to move quickly and make your profit through high-volume sales before the market is saturated? All these factors, and more, need to be



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taken into account when developing your best strategy.

Conduct strategic marketing

If your sales have slowed it is important to think strategically about how to grow your business. Are your customers using all of your products, or is there an opportunity to cross-sell other products to your existing customer base?

Existing customers are already familiar with and like your organization. Therefore it is easier to introduce new products to them than to prospects.

Existing customers often view your attempts to sell additional products that can help them as good service. In addition, if you have identified a new product that fills a gap in your product package, approaching your existing customers to sell the new product is a good place to jump-start sales and quickly help generate more income.

If you have saturated your current

market, now would be the time to identify new markets that you can sell your products to. After all, you already have achieved a desired level of success in your current market and have the established processes, production and distribution channels in place.

You just need to determine if the contributing factors that have helped your business be successful in your current market will be present in the new target market and how that target market differs positively and negatively from the one you are in now.

Another marketing strategy is to network and build key relationships that can become referral sources. Identify sister industries that can feed customers to your business and vice versa. Consider forming alliances with other non-competing businesses that offer complementary products and services to yours or have the same target market customer. This can be a powerful growth strategy.

Lastly, review your promotional practices and measure their success. Do more of the promotional activities that produce positive tangible and valuable intangible returns. Eliminate those activities that demonstrate little to no returns.

Manage cash flow

Another way to improve profitability is to control expenses and manage cash flow. The best way to control expenses is to first understand your company's financial statements, including cash flow and how it relates to the bottom line.

Analyze your financial documents to see if there are areas where you can reduce your expenses. Strictly monitor every expense your business incurs and make sure you are getting maximum value. Where possible, share fixed expenses (such as office space, equipment, even administrative staff) with other businesses.

Determine if alternative work schedules could be more cost-effective. Make sure you are fully utilizing your employees. Streamline staff and assess whether to fill vacant positions or whether another employee can absorb the responsibility.

It reminds me of that old story about the supervisor who was complaining bitterly about the poor performance of the people in her department. A friend pulled her aside and asked her, "Were they such poor performers when you hired them?"

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A Pony

*A pony walks into a bar and says,
"Bartender, may I have a drink?"*

*The bartender says,
"Speak up, I can't hear you."*

*The pony says again,
"Bartender, may I have a drink?"*

*The bartender replies,
"Look, if you don't speak up, I won't serve you."*

*The pony replies,
"I'm awfully sorry, I'm just a little hoarse."*

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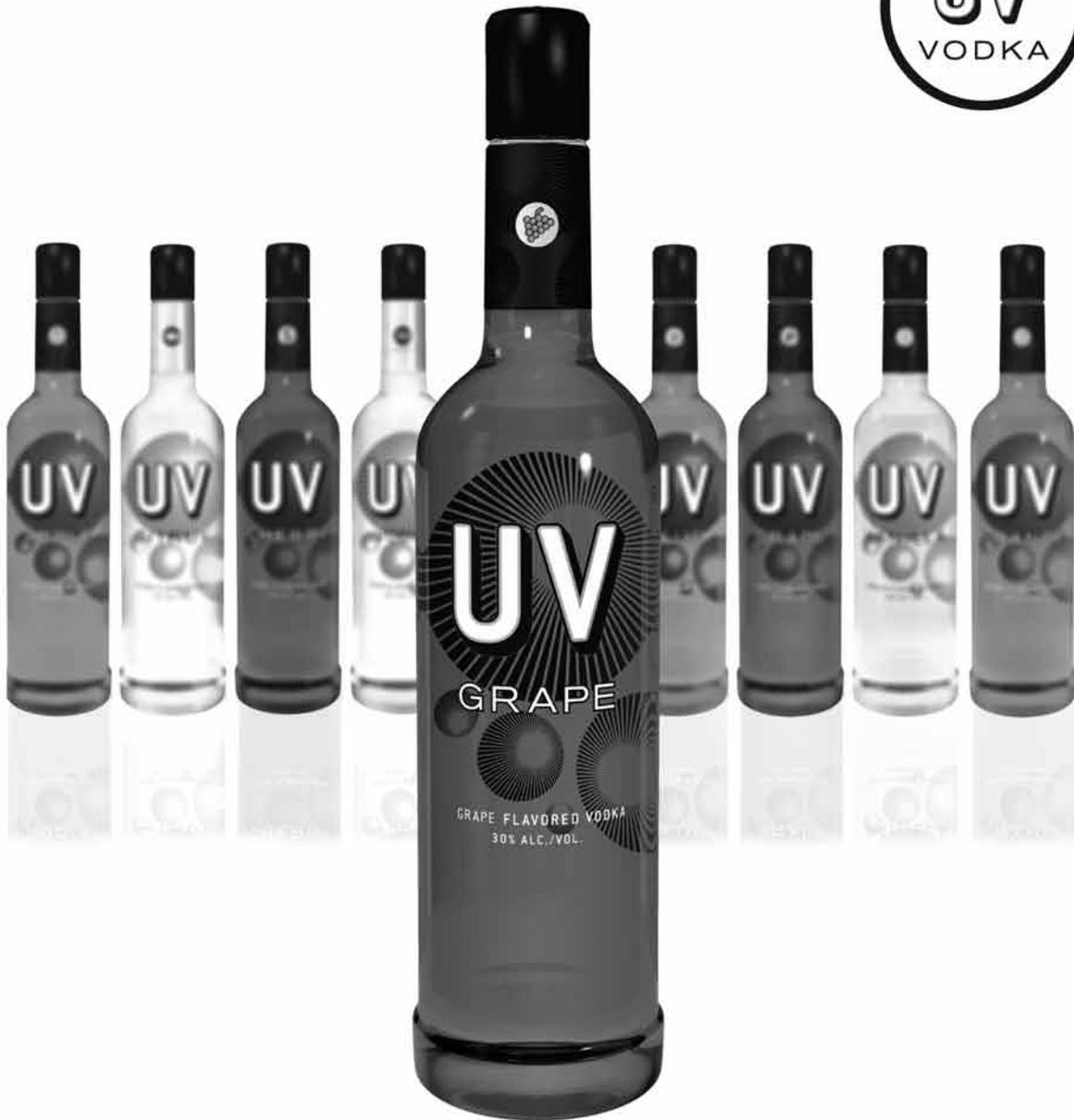
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