



DEFENSE COMMISSARY AGENCY
HEADQUARTERS
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IN REPLY
REFER TO

MPS

April 21, 2017

NOTICE TO THE TRADE – DeCA NOTICE 17-33

SUBJECT: Category Performance Improvement Ongoing Effort

The purpose of this notice is to provide an update on the ongoing category performance improvement effort that DeCA has been executing. As laid out in NTT 16-99, DeCA has been assessing SKU and supplier performance to improve assortment performance and optimize the patron offering. After a comprehensive review of total supplier performance in the first wave of categories, we are implementing changes that offer our patrons an improved assortment that provides lower costs, the best savings possible, and prepares for adding private label into the applicable categories.

To continue with the success of this effort, and build on the partnerships and assortment improvements made in the first wave of this work, DeCA is now carrying this effort forward to additional categories. As this ongoing effort continues, we plan to be as efficient as possible and will build upon lessons learned from the categories recently reviewed. We ask our vendors to support us in advancing on these lessons:

- Once DeCA begins working on a particular category, we intend to analyze offers and commercial data and make the best decisions for our patrons in an expedited time. We request the cooperation of our suppliers with timely responses for information regarding cost or assortment proposals
- As we engage in discussions with our suppliers we will discuss how each supplier can participate in improving the assortment performance. Ultimately, the goal is to provide lower costs for the products to address specific performance gaps; however, manufacturers are free to propose new opportunities. We ask that suppliers respond directly to each request and include any applicable data and information about product and category performance along with the response. Marketing and new product presentations will be scheduled separate from these discussions.
- As these discussions can impact the assortment and future partnerships with our suppliers, brokers are welcome, but it is important that the manufacturers be present to represent their interests and work together with us in partnership.
- To stay on top of day-to-day category management responsibilities, we will be working to keep applicable conversations separate from this initiative. We ask that conversations remain focused on the topic at hand and that daily business communications or emails be separate.
- As we make assortment and partnership decisions, we will inform our suppliers of where they stand in the process and the likely outcomes. Therefore, we will require all suppliers to provide their best and final proposals as part of this process. The assortment decision, once posted, will be final. Suppliers should not submit amended proposals after the assortment decision is posted.
- As part of this effort, assortments will be optimized to ensure key items are carried in each product area. In addition to evaluating existing items, this also includes consideration of new items from both new and existing suppliers, where appropriate and where supported by

market data and past performance at DeCA. For existing suppliers, we will inform you when new items are under consideration and the decision criteria.

- To avoid not in stocks on the shelves, as many SKU changes may occur, we will adhere to the current delete process, including disposition of excess quantities after 60 days. The delete process will be followed in the event an item fails to meet either the manufacturer's volume projections or the minimum category requirements established by the buyer. Consistent with the current process, DeCA has no responsibility to sell remaining inventory after 60 days from the date of first notice of intent to delete the item.

Categories to be reviewed are as follows:

- Frozen Fruit, Vegetables, Potatoes
- Cheese, Butter and Margarine, Cultured Dairy
- Packaged Meats
- Fruit – canned, cups, dried
- Canned: Vegetables, Tomatoes, Beans, Pasta, Soup, Meat
- Condiments and Toppings
- Baking and Cooking
- Semi-Perishable Breakfast Foods
- Coffee, Tea, Hot Chocolate, Syrup, Filters, Creamers, Milk
- Household Cleaning
- Storage Bags & Wraps

As previously mentioned, our goals for these discussions will be to ensure we maintain, and as appropriate improve, the level of benefit our patrons currently enjoy and offer an assortment that reflects their purchase preferences and patterns, while allowing DeCA to reduce reliance on APF.

We look forward to working with you to strengthen our relationship and to continue providing this important benefit to our military Service members and their families.

Tracie L. Russ
Director, Sales