



DEFENSE COMMISSARY AGENCY
HEADQUARTERS
1300 E AVENUE
FORT LEE, VIRGINIA 23801-1800

IN REPLY
REFER TO

LEL

July 20, 2016

NOTICE TO THE TRADE – DeCA NOTICE 16-102

SUBJECT: DeCA Delivery Matrix (DDM)

The purpose of this Notice to the Trade (NTT) is to provide DeCA's trading partners' the requirements for DeCA's methodology for standardizing the Frequent Delivery Schedules (FDS). The information provided serves as notification of the utilization of the DeCA Delivery Matrix as a tool to review and determine the best business decisions possible for all parties involved for all delivery/transmittal change requests.

The attached requirements document explains the DDM tool, possible limited exceptions, and the process for submitting a delivery schedule change request. The matrix will be incorporated into the Resale Ordering Agreements (ROAs). It is imperative that manufacturers and their distributors understand the matrix to ensure items are delivered as required. Manufacturers shall incorporate the matrix into their distributor contracts.

Also, attached is the updated Distribution Delivery Transmittal Schedule Change request form that will be utilized. The form corresponds with the DDM tool requirements and provides details for the distributors as well as stores to request exceptions within the set requirements shown on the form.

The coordination process for any distributor delivery or transmittal change will follow the previously approved process, as stated in NTT 14-34, Changes to FDS Delivery Windows.

DeCA believes this optimization of the FDS delivery schedules as an important business decision. We are asking that our industry partners continue to work in a collaborative effort as we move forward in changes to the current delivery practices. The POC for this action is Stephanie Faughnan, Stephanie.faughnan@deca.mil.

Eric Swayzee
Director, Logistics Directorate

Attachments:
As Stated

DeCA DELIVERY MATRIX (DDM)

GUIDELINES

I. BACKGROUND:

The current Frequent Delivery System (FDS) schedules utilized for DeCA's U.S. stores is based on past practices and has not been updated recently. Due to many changes in the distribution arena, sales levels, and transportation issues, the need has been identified for a tool that would provide an analytical approach to establishing delivery schedules.

In 2014, the American Logistics Association (ALA) formed a group, The Blue Ribbon Panel, to accomplish a review of industry Best Business Practices, processes, procedures and tools available in the market place. The end goal was for Industry and our Military Customers to work together on potential recommendations for efficiencies to the processes supporting the military resale system. A Logistics and Transportation Committee was established to focus on inbound logistics, warehouse rationalization, and CONUS transportation, to name a few. One result from the Committee was an FDS Delivery Matrix. This matrix was based on the overall stores sales and the number of distributors that deliver to these stores.

DeCA saw great value with this matrix concept as well as a need to establish a uniform method for identifying distributor delivery requirements at each store. Therefore, DeCA formed a team with the intent to optimize the number of deliveries to each store, which also considered industry and DeCA costs and other external factors related to transportation. Further, the matrix model would provide a standard tool that would become part of the Resale Ordering Agreement (ROA) to ensure manufacturers understood DeCA's requirements for each commissary location. The following information is provided to explain the guidelines for application of the DeCA Delivery Matrix (DDM).

II. UNDERLYING PREMISE OF THE DeCA DELIVERY MATRIX:

a. The DDM (below) is based on the annual volume of cases delivered (shipped) to a store from a distributor. The average weekly volume of cases delivered (shipped) will determine how many deliveries of product will be made to a store during an operating week.

- Cases delivered (shipped) volume will be obtained from information pulled from the bi-weekly roll-ups.
- The volume to be used is a one year period for the past 12 months to account for any fluctuations due to seasonality and other impacting factors.

b. The DDM will be reviewed semi-annually to determine if any major changes in industry may have changed the overarching premise and to see if there was a case volume increase or decrease.

DECA DELIVERY MATRIX

| AVERAGE CASES WEEKLY | RECOMMENDED DELIVERY DAYS |
|----------------------|---------------------------|
| 0 – 799 | 2* |
| 800 – 1499 | 2 |
| 1500 – 2999 | 3 |
| 3000 – 5999 | 4 |
| 6000 - 10999 | 5 |
| 11000 - 19999 | 6 |
| 20000 - & UP | 7 |

III. APPLICATION OF THE DeCA DELIVERY MATRIX:

a. All final DDM decisions will be made at the HQ level. Commissaries are not authorized to agree to any delivery frequency changes until final approval is authorized on the DDM, and Contracting Officer has authorized change to contractor and store management. This is to ensure use of current data, consideration of all factors and an understanding of any cost or service level implications.

b. The DDM will be reviewed on a semi-annual basis to determine impacts and changes due to factors such as account transfers and/or sales volumes. Changes, both increases and decreases, will be identified to distributors for discussion and action. DeCA will accomplish an out of cycle review of the matrix should there be any major shifts in accounts between distributors that may create impacts on commissary operations.

c. The DDM will be incorporated into the Resale Ordering Agreement to ensure manufacturers understand the required frequency of deliveries for each commissary

d. The DDM will be used to establish delivery frequency to U.S. commissaries with the following exceptions:

1) Certain DeCA Stores have limited backroom space which impacts their ability to manage and hold stock. This situation could be a factor when determining if a store can accommodate changes to delivery frequency. This will not be a final reason for disapproval; other factors will be discussed.

2) DeCA contracts for shelf stocking, custodial and receiving/storage/holding area services. Changes in delivery frequency that result in multi-day deliveries, which may result in additional contracting costs will not be considered, unless the requesting distributor agrees to support multi-day pulls. Multi-day pulls are when a distributor will provide separated pulls to the store for the individual stocking days to reduce handling by the contractor. The multi-day pulls are clearly marked to reflect the

applicable stocking day. DeCA believes this situation can be a win-win, as the distributor can reduce their delivery frequency and DeCA may be able to mitigate contract costs with use of multi-day pulls.

3) (*) Some stores currently receive one delivery a week based on past delivery schedules. These stores operate under this one day a week schedule and will not change unless sales increase; however, there may be a delivery change request to decrease a delivery from several days to one day. The DDM may show a store that should only receive one day a week delivery based on cases delivered (shipped). This exception would allow a store to provide a detailed reasoning as to why their store would be an exception to the DDM and not be decreased to one day a week delivery.

IV. ROUTINE REQUESTS FOR DDM CHANGES:

a. At any point, a request for change can be initiated to DeCA HQ/LELD as follows:

1) Store can submit a delivery and/or transmission change request through the distributor that delivers to their store

2) Distributor directly requests a delivery schedule change and/or transmission change

b. The following are the actions required to support a decision:

1) DeCA HQ/LELD reviews the submitted form for accuracy and detailed information.

2) DeCA HQ/LELD will gather and review appropriate information related to annual cases ordered, cases delivered (shipped), contracting cost impacts, operational issues at the commissary and will coordinate with Store Operations and contracting personnel. Upon internal review, DeCA will coordinate with the distributor to seek agreement as needed during the coordination process.

AGREEMENT ON CHANGES:

a. Each change request will be supported with a written agreement that outlines specific conditions for that location.

b. DeCA and the distributor will follow the approved request which may include changes related to multi-day pulls.

c. DeCA will continue to monitor distributor delivery performance related to adherence to frequency, timeliness and service levels.

d. CA contracts will be modified to incorporate changes to the distributor delivery schedules and/or RSHA required work schedules.