



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

IN REPLY
REFER TO

LEL

August 11, 2015

NOTICE TO THE TRADE – DeCA NOTICE 15-75

SUBJECT: DeCA Delivery Matrix (DDM) Proposal – Industry Comments “Version 2”
(November 02, 2015)

The purpose of this Notice to the Trade is to provide DeCA’s trading partners an opportunity to review and provide comments on DeCA’s proposed methodology for standardizing the Frequent Delivery Schedules (FDS).

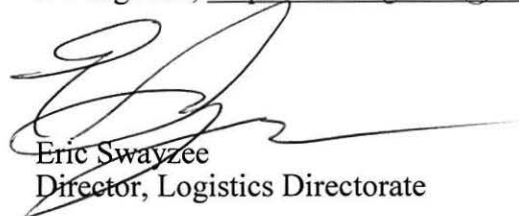
This NTT has been extended to allow for additional comments from both distributors and manufacturers. DeCA is requesting comments from manufacturers, to ensure there is an understanding of the relationship between how the distributors’ deliveries to the stores impact stock availability and the ability to increase sales of products.

The attached draft requirements document explains the DeCA Delivery Matrix (DDM), exceptions, and the process for submitting a change request. Once finalized, the matrix requirements will be incorporated into the Resale Ordering Agreements (ROAs). It is imperative that manufacturers and their distributors understand the matrix, in order to ensure items are delivered, as required. Once finalized, manufacturers shall incorporate the matrix into their distributor contracts.

Also, attached is the draft updated Distribution Delivery Transmittal Schedule Change request form that will be utilized. The form corresponds with the DDM requirements and provides details for 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.

Comments to this proposal must be submitted in writing by close of business January 15, 2016 to the POC. DeCA believes this optimization of the FDS delivery schedules as an important issue and has afforded extra time for our manufacturers, brokers and distributors to fully consider the proposal, the associated conditions for use and its purpose. We are asking that our industry partners carefully review the matter as we move forward in changes to our current 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)

REQUIREMENTS

I. BACKGROUND:

The current Frequent Delivery System (FDS) schedules utilized for DeCA's U.S. stores is based on past practices and requires updating to ensure delivery schedules are consistent with FDS current sales. Due to numerous changes in the distribution arena, sales levels, and transportation issues, an analytical approach to establishing delivery schedules has been established.

In 2014, the American Logistics Association (ALA) formed The Blue Ribbon Panel to review industry Best Business Practices, processes, procedures and tools available in the market place. The end goal was for the ALA to collaborate in finding potential efficiencies to the processes supporting the military resale system and make recommendations. The ALA Logistics and Transportation Committee focused on the areas of logistics, warehouse rationalization, U.S. transportation, and created a recommended FDS Delivery Matrix. This matrix is based upon 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 to consider industry and DeCA costs and other external factors related to transportation in order to optimize the number of deliveries to each store. The matrix provides a standard that shall be incorporated into the Resale Ordering Agreement (ROA) for deliveries to each commissary location. The following information is provided to explain the requirements for application of the DeCA Delivery Matrix (DDM).

II. UNDERLYING PREMISE OF THE DeCA DELIVERY MATRIX:

a. DeCA Delivery Matrix (below) is based on the annual sales volume of FDS cases ordered by a store from a distributor. The FDS weekly sales volumes are estimates of required product deliveries to a store during an operating week.

- FDS Sales volume will be pulled from bi-weekly roll ups.
- The FDS sales volume is a one year period of the past fiscal year to account for fluctuations due to seasonality and other impacting factors.

b. The DDM will be reviewed annually to determine if any changes in industry will affect the overarching premise, to include an increase or decrease in FDS sales volume.

DECA DELIVERY MATRIX (Current product value for # of cases will be utilized to determine FDS sales)

0-799	2 (Please see note below for detailed exceptions to this band)
800-1,499	2
1,500-2,999	3
3,000-5,999	4
6,000-10,999	5
11,000-19,999	6
20,000 & UP	7

MINIMUM DELIVERIES

The DDM does not include the option of 1 day a week deliveries; however, in the event this type of request is initiated, it will be considered on a case-by-case basis. Stores that are currently receiving deliveries 1 day a week will continue on the 1 day a week schedule, but if store sales increase and these stores reach the 800-1,499 band, deliveries will increase to 2 days a week.

Note: A minimum delivery was placed on stores that were not currently under a 1 day delivery schedule. This was to level the delivery bands and to no longer allow 1 day a week delivery change request based on this first band. Smaller stores are at a disadvantage due to size limitations. The first band (0-799) is explained in the above paragraph; however, for further clarification the following applies: If a store falls within in the first band (0-799) and they currently receive a one day delivery and the delivery fulfills the requirements to ensure stock availability there will be no increase in delivery days unless the store sales increase into band 2 sales (800-1,499).

III. APPLICATION OF THE DeCA DELIVERY MATRIX:

a. All final DDM decisions will be approved at the DeCA Headquarters level. Commissaries are not authorized to agree to any delivery frequency changes with their Frequency Delivery System (FDS) distributors. This is to ensure use of current data, consideration of all factors and an understanding of any cost or service level implications.

b. DeCA will notify distributors of both increases and decreases in deliveries. Once a change has been approved a start date is confirmed between DeCA, contracting, and the distributor. As necessary when major shifts occur in accounts between distributors, DeCA will conduct an out of cycle review of the matrix.

c. The DDM requirements will be incorporated into the ROA to ensure manufacturers understand the frequency of deliveries for each commissary.

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

1) DeCA Stores with limited backroom space which impacts their ability to manage and hold stock could be excluded from the DDM requirements. Limited backroom space will be a factor when considering change requests.

2) DeCA issues contracts for shelf stocking, custodial and receiving/storage/holding area services. Changes in delivery frequency that result in multi-day deliveries and increased contracting costs will not be considered, unless the requesting distributor agrees to support multi-day pulls. Multi-day pulls are when a distributor separates the merchandise for each multi-day delivery by individual stocking day to reduce handling by the contractor. For example, a multi-day delivery on Monday is intended for stocking on Monday and Tuesday. The multi-day pull for this delivery will include a grouping of merchandise intended for Monday stocking and a separate grouping of merchandise intended for Tuesday stocking. The multi-day pulls are palletized separately and the exterior of each pallet of merchandise is clearly marked, to reflect the applicable stocking day. This situation will be a win-win, as the distributor can reduce their delivery frequency and DeCA can mitigate contract costs with the use of multi-day pulls.

3) The DDM may indicate that some stores' distributor delivery frequencies should be reduced from the number of deliveries per week they currently experience (based on roll-up dollar value). In the event this occurs and store management is not in agreement with the reduction, store management will have the opportunity to provide detailed rationale to support their position and request an exception to the DDM. Store Directors will route the requests to the Zone Manager, Area Director, and Store Operations. Store Operations will forward the request to HQ DeCA/LELD for processing based on their decision. In the event of a disapproved request all involved are notified and the rationale is provided as to why there was disapproval.

IV. ROUTINE REQUESTS FOR DDM CHANGES:

a. Requests for change can be forwarded to DeCA HQ/LELD by:

- 1) Stores requesting the change through their distributor, or
- 2) Distributors directly requesting a delivery schedule change

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

- 1) Distributor or a store through their distributor, submits the delivery change request form with all required information to DeCA/HQ/LELD.
- 2) DeCA HQ/LELD reviews the form for accuracy and detailed information.
- 3) DeCA HQ/LELD will gather and review appropriate information related to annual cases ordered, cost impacts, and operational issues at the commissary and will coordinate with Store

Operations and Contracting personnel. If approved, DeCA will coordinate with the distributor to implement the changes. In the event disapproval occurs, DeCA will notify all involved with the reason for disapproval.

AGREEMENT ON CHANGES:

a. LELD will coordinate the effective date of approved changes with Contracting and the distributor, to reach consensus. The approved change request will contain the agreed upon effective date.

b. DeCA and the distributor will agree to the change as stated in the approved change request form that has been signed and coordinated through DeCA HQ.

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

d. Distributors shall follow the new approved schedule. Distributors will be expected to stay in contact with the stores/Zone Managers they support as well as the Distributor Coordinator located DeCA HQ to ensure transparency of deliveries to the store supported. DeCA Interest Reports (DIReps) are submitted from store level for all missed, late/early deliveries, and excessive damaged deliveries. These are researched and worked with individual distributors to coordinate a resolution.

DeCA DELIVERY MATRIX (DDM)

FREQUENTLY ASKED QUESTIONS

1. WHY DOES DECA NEED A DELIVERY MATRIX?

The matrix determines the number of times a week a store should receive deliveries from individual Frequent Delivery System (FDS) distributors based on store sales. A delivery matrix ensures that the frequency of deliveries to DeCA matches the sales demand within our commissaries. Commissaries that are not adequately supported, run out of product, which adversely affects sales, while commissaries that receive too many shipments incur excessive handling and costs.

2. WHAT INFORMATION IS UTILIZED TO DETERMINE THE DELIVERY FREQUENCY?

After a thorough analysis of FDS cases ordered, overall store sales, and FDS sales, a decision was made to utilize the average FDS sales per store by distributor to determine the weekly FDS deliveries. The FDS sales information is pulled from the Roll Ups every 2 weeks.

3. WHY DOES THE DECA DELIVERY MATRIX HAVE TO BE INCLUDED IN THE RESALE ORDERING AGREEMENT (ROA)?

The ROA outlines the terms and conditions between the brokers/manufacturers and DeCA. The delivery matrix shall be incorporated into the ROA, allowing brokers/manufacturers to determine their distribution chain.

DISTRIBUTOR DELIVERY/TRANSMITTAL SCHEDULE CHANGE REQUEST

PLEASE E-MAIL COMPLETED FORM TO distrocoordinator@DeCA.mil

Date of Request: Requested Effective Date:

(Minimum period between the request and effective date is six weeks, per NTT- XX-XX)

1. Distributor Name/Code:

POC Name & Contact Information:

Name: Phone #:

E-Mail:

2. Store & DODAAC:

3. Does this change Impact other Stores:

If yes, please provide Stores:

4. Reason for Requested Change:

5. Current Delivery schedule (include weekly case counts along with transmit times and days):

Chill:

Dry:

Freeze:

Upstream:

6. Proposed Delivery schedule (include weekly case counts along with transmit times and days):

Chill:

Dry:

Freeze:

Upstream:

7. Internal Coordination Decision:

Approved and Date:

Disapproved and Date:

Additional Comments:

DRAFT

Exception (Store Size, explain in detail to obtain this exception from the approved DDM):

Exception (CA Contracting Increase, request will not be approved if costs increase, even if the request fits the DDM):

Exception (Store delivery requested moving to 1 day a week, explain in detail to obtain this exception from the approved DDM):

Exception (Unique store situation, provide detailed explanation to request an exception of the DDM):