



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

April 17, 2023

NOTICE TO THE TRADE – DeCA NOTICE 23-53

SUBJECT: Defense Commissary Agency (DeCA) / Spartan Nash Small-Scale pilot to improve in-stock and reduce supply chain costs by utilizing alternative distribution centers

The purpose of this notice is to inform Industry of DeCA's support of the test described in the attached to improve in-stock performance and lower transportation costs on items supplied to the defined DeCA locations by Spartan Nash Military. This test will begin on August 1, 2023.

Specifically:

1. Most items currently sourced from the Spartan Nash Military facility in Oklahoma City to the defined stores will be sourced from the Spartan Nash facility in Omaha.
2. Slow moving items, defined as items with 5-cases or less sold per week across all stores will be orderable once per week and cross-docked through Omaha.
 - a. We will leverage the use of inners / sleeves as the DC to Store transaction unit where possible.
3. A handful of fast-moving items will be cross-docked but will be orderable on every order.

As the Spartan Nash notification describes, this test is being assessed against defined success criteria as follows:

Win for DeCA Patrons: An improvement in Not-in-Stock (NIS) in the defined stores versus other locations supplied by the Oklahoma City DC.

- Specific measurement against items being cross-docked through the Omaha DC.

Win for the Distributor: Net delivery cost savings.

Win for the Supplier / Broker Community: Better service levels, fresher product, faster response on weather related challenges, and greater efficiency leading to reduced supply chain costs.

Points of contact for this initiative are Jim Flannery, Chief Transformation Officer, (804) 734-8000 extension 48330/james.flannery@deca.mil or Joel Lockhart, (804) 734-8000 extension 48070/joel.lockhart@deca.mil.


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Michael J. Dowling
Deputy Director



April 17, 2023

Dear Military Resale Partner:

We deeply appreciate our partnership with you and place a high value on our joint mission to SERVE our nations heroes and their families in the most timely, effective, and efficient way possible. Together we seek to consistently improve our military resale channel distribution network to ensure our veterans, service members and their families have the best possible access to your great brands that they know and love. Simply said – our nation’s best deserves the very best!

As you know, SpartanNash operates twenty distribution centers with seven of them dedicated to our SpartanNash Military business. The remaining thirteen distribution centers service independent and other marketplace retailers as well as our corporate-owned retail stores. We have been proactively working in partnership with DeCA and many of you to identify opportunities to dramatically improve the flexibility, effectiveness, and efficiency of our Military supply chain network in the short and longer term. After carefully studying the geography and transportation routes of our DC network, we have identified opportunities to drive efficiencies and improve service to the nine commissaries listed below by utilizing our Omaha, NE DC for military items that are also carried for commercial retailers with continued upstream support from our OKC DC for military only items. For perspective, the current distance from our Oklahoma City Military DC to Offutt AFB is 446 miles but it’s a short 13 miles from our SpartanNash Omaha facility. With this strategic shift, we anticipate improved fill rates, enhanced product freshness, and improved on-time delivery, especially during periods of urgent need or inclement weather.

Ellsworth AFB	Grand Forks AFB	Minot AFB	Offutt AFB	FE Warren AFB
Whiteman AFB	Ft. Leavenworth	Fort Riley	Richards Gebaur	

Our intention is to run a 45-to-90-day test with Offutt, Ellsworth, Grand Forks, and Minot beginning in Q3 of 2023, and potentially expand this model out to all the stores listed above once improved in-stock and other key success criteria have been achieved. This supply chain shift will move our Military Resale Channel forward as we align our model to standard marketplace retailer best practices. The roll-out of this cross-segment distribution model will require your collaborative partnership and flexibility. Due to both vendor minimum ship requirements, and the cost of handling a single case multiple times during the receiving process, we request that we manage a single source of inventory in the Omaha DC while your Military only items will transition to a new upstream model from OKC. This will require using the bi-monthly roll-up invoice to provide sales credit to vendor military sales teams, and sales commission to military brokers.

While this cross-segment initiative will initially be limited to stores currently serviced by our Oklahoma City distribution center, it is our goal to potentially replicate these effectiveness and efficiency improvement standards across other parts of our Military supply chain network. In the coming weeks, your SNM Business Manager will be reaching out to set up a time to walk you through the necessary changes for this four-store test and answer any questions you may have.

We place a high value on our collaborative partnership with you and we appreciate the open dialogue we will share as we chart an improved path forward to provide food and home essentials to our nation’s heroes at home and abroad.

Best Regards,

A handwritten signature in black ink that reads "David Sisk".

David Sisk
Chief Customer Officer