

MEMORANDUM FOR RECORD

SUBJECT: ALA/DeCA Quarterly Meeting, 2 Aug 2017

ATTENDEES:

Mr. Norman Brown, Director, DeCA European Area
CMSgt Wayne Jones, Senior Enlisted Advisor, DeCA European Area
Mr. Mike Yaksich, Deputy Director
Mr. Thomas Seelig, Acting Financial Manager Overseas
Mr. Bob Darden, Chief, Operations
Mr. Greg Huntley, CDC-K Manager
Mr. Doug Nomura, CDC-G Manager (via phone)
Ms. Karin Hand, Chief Inventory Management

Mr. Phil Igoe, President ALA European Chapter (HPM)
Mr. Chris Vasta, VP ALA European Chapter (ESCO/DS)
Mr. Jim Bennett, Chairman ALA European Chapter (OS-WB)
Ms. Bonita Tilley, Treasurer ALA European Chapter (Acosta)
Mr. Steve Pennington VP Commissary Committee (OSC)

Mr. Brown welcomed everyone to the meeting and provided the following update:

- DeCA sales FYTD are down 6.76%; Europe sales are down 6.27% same time period
- Personnel changes:
 - o Gisselle Horde, Store Ops departed and Carol Lakey is inbound this month
 - o Ron Hurt's first day as Deputy SD Ramstein Commissary will be on 5 Sep; recruitment action vice Ron is pending...the list has been received, no selection made yet
 - o Clyde Nolen (previously Lakenheath SD) is now at Ft Drum; selection vice Clyde is pending
 - o Vickie Mills (previously Vogelweh Deputy) is now SD at Grafenwoehr and Ms. Mills' position is now filled by Raul Franco formerly Store Manager Ramstein
 - o Rosario Aydil formerly at Incirlik is now at Ankara as the SD
 - o Manuela Hamilton is now at Ansbach as the Deputy SD
 - o Mario Caputi (previously Naples Deputy SD) is now at Ft Myer; recruitment vice Mr. Caputi is pending
 - o Brice Coles selected as Deputy SD Incirlik
 - o EU Ops will get two CMS positions in the future to manage the PHQ DAX/IM for the stores
- Industry has been going directly to the Store Directors trying to sell in product/promotions. A reminder to all that we need to abide by the HQs policy and for Europe, any promotions need to go through Ms. Hand and her team
- Mr. Brown appreciated the open communication that this forum provides; however, specifics need to be provided in order to resolve any issues

- Mr. Brown and Chief Jones recently visited Lajes Commissary and Lisbon NEXMart and provided a presentation with photos of the two locations
 - o Lisbon NEXMart carries approximately 5,000 line items; 4,000 are DeCA. The only issues they have are with close-dated cookies
 - o Lajes Commissary is currently about 25% of their previous footprint; and will be smaller in size than the Garmisch Commissary. In the future, the space will be utilized jointly with AAFES and the Force Support Squadron.

Questions provided by Industry:

- **EBS and pricing process implementation in Europe. This includes promotional vcm process for price changes at the stores and at the CDC's. Implementation progress of CPI and Power HQ**

Ms. Frey provided a detailed overview of the pricing during the last meeting held in April. However, a brief review was provided – OCONUS stores are receiving price changes on the 1st and 16th of each month; VCMs are completed for Powerbuys/LEs at the CDCs and at store-level for Manager Specials...no change; an email is sent to store personnel to manually change prices at the front end for Powerbuys as the automated system is not yet functional. The same process applies for shelf stock protection on OTBs as for PBs. Ms. Frey's staff has been capturing the CPI margin since April; they are tracking UPCs, units sold, cost, etc, rolled up each month, by store. The CPI items are identified in the Store Portal (PHQ) as priority pricing. Store Portal is now active in CONUS, but delayed for OCONUS. Variable pricing is still being tested at certain CONUS locations and is different than CPI. Industry asked if Store Portal includes signage for the stores and EU Ops will check. A reminder for the brokers that VCMs (buyback) are at cost and not at retail

We are not part of the CPI negotiation process, and therefore do not have the details of the agreements. There may be some pricing agreements in place which supersede the price posted on the promotional packages. Should you notice anything that may not be correct, request you let us know so the VCMs can be adjusted accordingly

- **Promotions in Europe: Europe missed some promotional display period opportunities this year because DeCA released the package so late. My question is why didn't Europe simply postpone their promotional package (instead of skipping the offers)?**

There is one DeCA worldwide promotional package released for specific display periods and we will not deviate. The lateness of the packages has been addressed by Mr. Brown, Ms. Frey, and Ms. Hand and elevated up the chain. Mr. Carey also addressed this issue during the last senior staff meeting at HQs. Europe has missed two promotional periods and PAC has missed three so far this year. Ms. Hand has provided Industry with listings of phased and excess items which can be offered during the two missed promo periods; however, coordination needs to take place with Ms. Hand. Stores will also utilize their OTBs and shippers in the respective display areas of the store.

- Stores are still having us pull down other company displays and now asking us to stock the items to the shelves or box up other company items. Can all vendor stockers box up their own items and store workers stock the shelves? Can an email be sent to the stores on the correct procedures and industry gets a copy of it

Industry will let Mr. Yaksich know which specific stores they are having issues with; one store mentioned was Vogelweh but there are others as well. Again, a problem cannot be fixed if specific information is not provided.

- The importance of the BOH/DUE IN REPORT. Lately we've been experiencing problems with receiving them, and with changes to the report such as Com Codes, and StdCodes (Store Class). Will this very necessary EXCEL spread sheet continue to be provided?

The reports are a courtesy and will continue to be provided on Monday and Thursday. There have been challenges with the IT security systems and patches that caused issues with the program/data being transmitted, and also have been causing problems with the wireless at CDC-K (DeCA Guest Log In). In addition, the office is currently short staffed and Industry's patience is requested. The information is also available via hard copy from each respective Inventory Manager if needed

- POG process for Europe. Stateside POGs do not work because they do not reflect Europe market share and distribution is not the same. Will there be a solution to this? Sometimes POG's for Europe are not on the website but we know they have been done. If they are pending could we not route requests through you to check. If a Europe POG is older than, do we / can we use the CONUS POG adjusted to Europe. Can you advise what we are to do with POG's on Freeze and Chill? Will numbers be made available to the ALA so we can make up a POG? With visits from principle we brokers want to ensure they have their fair share. However no one wants to do things twice so we wish to work to DeCA guidance to ensure we do them as well as possible

As POGs are updated, HQs requests coordination from the EU Category Managers/Overseas Product Specialists to update any EU POGs. Currently priority is given to complete the CPI POGs; those are updated and a copy provided to Industry as they are released to the stores. If there is no EU POG, then the HQs POG should be used as a guide. Once Galleria is implemented, POGs will be store-specific.

The CPI POG resets are to be completed by store personnel; Industry's support is appreciated, but not mandatory. Apparently there are some store personnel requesting that Industry reset these sections and Mr. Yaksich will need to know who is asking so it can be addressed (it was noted that one store was Grafenwoehr with the energy drinks section). Mr. Igoe said that the sections which have been reset look good and that they are willing to assist, but need to be notified in a timely manner. Mr. Darden is also tracking the stores to ensure the resets are completed and photos posted to the HQs Sharepoint. There will not be any CPI resets during the holiday period (Nov/Dec) and will start again after the first of the year. There are approximately 110 CPI categories to date, of which 62 are currently in negotiation.

- **Resets: Are there any Complete Store Resets planned for the near future in Europe?**

No. A request has been sent to HQs to have Vilseck and Wiesbaden added to the reset schedule for calendar year 2017. An entire shelving replacement is planned for Vilseck and the contractor has already performed a site visit to submit a proposal for the shelving replacement but until the set is part of the HQs schedule, we are in a holding pattern. If not added to this year's schedule, the above stores will be resubmitted for calendar year 2018.

- **Are there any planned New Stores or Store Closures planned for Europe?**

A new Stuttgart Commissary is planned for the "out years," to be located at Panzer Kaserne. The new commissary is projected to open in 2020 and it will become the only store in Stuttgart with the stores at Robinson Barracks, Kelley Barracks, current Panzer store and Patch programmed to close. The store is planned to be located adjacent to the PX shopping complex at Panzer, and is currently at 35% design. There is also a new store programmed for Croughton with an expected opening in late 2020. The Alconbury Commissary will close as the installation's mission is being shifted to Croughton. The move of the Schinnen Commissary to Brunssum is programmed for an opening sometime in 2019

Mr. Vasta asked about the Sembach Commissary and if there are any plans to re-open the store. No one is aware of any plans to reopen the Sembach Commissary

Additional questions:

- **Mr. Igoe asked how long can stores request buybacks for salvage. Specifically, Spangdahlem is requesting buyback for Passover items.** Mr. Yaksich stated that there are buyback agreements in-place which everyone needs to follow. If a broker has a specific case where they are being asked to provide restitution for product which is outside of the buyback time frame and the store is pressuring that broker, then elevate to Mr. Yaksich or Mr. Darden for resolution.
- **Ms. Tilley asked about the situation with the Lakenheath freezers.** The store suffered damage to their refrigeration compressors during a recent unscheduled power outage on the installation which caused their refrigeration to fail. The majority of the refrigeration display cases to include back-up storage areas had to be emptied into refrigerated trucks. New compressors were acquired and installed last week and refrigeration is now up and running. We do have a refrigeration change-out project programmed for 2020 but due to all of the challenges we have been experiencing with the refrigeration at Lakenheath, Mr. Brown has requested that the project be moved from 2020 to 2018. That request is currently being worked at the HQ.
- Mr. Igoe mentioned that Ms. Stacey McCall will be replacing Jeff Sledden as the ALA European Chapter Secretary.

Mr. Brown thanked everyone for their participation in these meetings and for providing the continued excellent support to European patrons.

The next meeting is scheduled for November 8, 2017 at 1300 in the 2nd floor conference room of Building 2780, Kapaun AS.