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January 12, 2005

NOTICE TO THE TRADE – DeCA NOTICE 05-32

SUBJECT: Deleted Items Process

The purpose of this Notice to the Trade is to advise industry of the Defense Commissary Agency's (DeCA) enhancements to the procedures for deleted items.

DeCA is committed to working hand in hand with our industry partners, which includes manufacturers, brokers and distributors. The current deleted item process was revised several years ago to ensure shelf space for new items was made available as soon as possible. The process has helped us meet this objective. At the same time it identified the broker's role and responsibility to eliminate distributor inventories. Our distributors are over burdened with dead stock merchandise in their warehouses, which impacts on their ability to supply new items to our stores. This is in direct conflict with our speed-to-shelf initiative. The attachment details the specific steps of the revised item delete process, which should help both brokers and distributors. The following changes will be made:

- a. The current process requires the manufacturer or broker to notify the distributor of intent to delete an item. **(This is imperative to preclude excessive inventories and dead stock issues.)** Accordingly, distributors will stop ordering and cancel outstanding purchase orders. Manufacturer/broker compliance will be tracked for the first 90 days. If a manufacturer or broker is unable to comply, the Distributor Coordinator Unit (DCU) will forward distributors a courtesy copy when intent to delete is issued.
- b. Currently, deleted items are coded "P" in DIBS and removed from store shelves to be sold off shelf at the end of the first 30-day period. The new procedure allows for deleted items to remain activated in CAO and on the stores shelves for an additional 30 days. This gives manufacturers and/or brokers 60 days to sell through residual stock at all stores.
- c. The weekly add/delete notice will continue to be published. This list is forwarded to all distributors and then returned to the DCU with on hand inventories and due-ins noted. **In addition to deleted items, distributors will now include the balance on hand or due-in date for all K coded items on the add list.** This information will be forwarded to DeCA buyers to evaluate manufacturer/broker speed to shelf compliance and will be used when considering future presentations.
- d. Sixty-days from notification the item will be deleted from DIBS and DeCA's responsibility to assist in the disposal of deleted item inventories ends. Distributors are expected to maintain balanced inventories. Balance on hand, plus "due-ins," should not exceed a 60-day supply.

Dead stock requests will no longer be submitted at regional office level. Requests must now be sent via e-mail to the DCU along with a written justification providing why the item did not move during the allotted 60 days.

With these enhancements and the help of our industry partners the dead stock issue should be eliminated in the near future, greatly enhancing our initiative to speed new items to the shelf and increasing sales.

We recognize and appreciate that a large majority of our industry partners are already using responsible practices to minimize the costs and disposal time on deleted items. Thanks in advance for your continued support.

My point of contact for this issue is Donna Starkus-Ward, Manager, CONUS Distributor and Overseas Support, at (804) 734-8154.

/s/
Scott E. Simpson
Chief Operating Officer

Attachment:
As stated