



Michael J. Dowling, acting director and CEO of DeCA, addresses employees during one of two director's call sessions held Oct. 31 at DeCA headquarters. During the sessions, Dowling covered many different topics including the agency's incoming interim director Rear Adm. Robert Bianchi. *DeCA photo: Jessica Rouse*

Director's Calls focused on leadership, rumors, praise

Michael Dowling, DeCA's acting director and CEO, in an Oct. 31 director's call outlined agency accomplishments, described challenges ahead, addressed rumors and offered his full support to retired Rear Adm. Robert Bianchi, who was recently named DeCA's new interim director.

"Starting on Monday, Nov. 6, retired Rear Adm. **Robert Bianchi**, the current CEO of the Navy Exchange Service Command, will be the DeCA interim director for up to 240 days," Dowling said in remarks made during two sessions at DeCA headquarters in Fort Lee, Virginia.

Dowling described why Bianchi was the right choice for DeCA as it transforms its business model, given the NEXCOM CEO's experience in operating in a retail environment where variable pricing has long been the norm. "He has that expertise of being in charge of an activity that does that today, and has done that for years. That is a science. It requires a lot of effort, it requires a lot of expertise, and to our

good fortune we're going to get some help in that regard."

Dowling also praised NEXCOM's efforts toward its customers as a model for DeCA's future. "One thing NEXCOM is very good at is customer service, in their outreach to their customers" he said.

Dowling spoke of the challenge in reaching the commissary customer base. "Think about the demographics. Think about the retiree and the millennial. And the fact that we've got to focus on this wide, diverse population and try to appeal to that," he said. "If we can do that with the assistance of bringing a very astute leader into this organization, I'm all for it."

Dowling noted that naming an exchange veteran to the top post at DeCA had caused some speculation that the commissary and exchange systems might consolidate. "The first thing that crosses your mind is, 'Well, we're bringing the CEO of NEXCOM

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DeCA's Vision:

Understand our customers and deliver a 21st century commissary benefit.

Director's Call, cont.

in, does that mean we're consolidating?' That's not why Adm. Bianchi is coming to this organization. Those things I identified – his expertise, customer service, customer outreach - those are the reasons for bringing Adm. Bianchi aboard," Dowling said.

Dowling also praised the work DeCA has accomplished in bringing its systems and practices up to date, and called out DeCA's new Enterprise Business Solution in particular. "It's a game changer. I don't know how to put it any other way. It eliminated 15 legacy systems that could not pass DOD security requirements. It's a grocery-centric system that will allow us to sell groceries utilizing digital tools that we've never had access to."

Turning to personnel issues, Dowling addressed what he called "The other thing that's hanging in the air - non-appropriated funding (NAF)."

"I don't know if we're going to go NAF. I can't stand here and tell you we're not going to go NAF. I can't tell you that we are going to go NAF," Dowling said. "What I can tell you though is the National Defense Authorization Act of 2017 makes it very clear that any employee that converts to NAF will do so voluntarily. No employee will be forced to convert. It also states very clearly that no employee, if they convert, will suffer any diminishing of their salary or benefits. One thing I do know is that it is my responsibility, it is leadership's responsibility, to keep you fully apprised of developments, of the pros and cons of NAF, what it requires, what it's going to

mean to you as an employee, so that you can make smart, informed decisions."

Dowling ended the session by praising recent DeCA employee efforts, often made under tremendous pressure. "I'm very proud of how stores handled three hurricanes, and dealt with them, and provided the benefit. Puerto Rico is still suffering, and we're going to be spending a lot of time and effort to provide the best of support to them."

Dowling went on to thank DeCA's employees for their dedication and work. "We can't do this thing moving forward without you, without the DeCA workforce. Whether you're here, whether you're in the stores, you're the cog that makes this go," he said. "With all the things that are swirling around us, all the changes we have to make, all the requirements we have to adhere to ... we still have our main job, and that's to deliver the benefit to the people who have earned it and deserve it. And that's what we will continue to do."



Interim Director and CEO
Retired Rear Adm. Robert Bianchi

Agency director outlines goals at ALA convention

by Kevin Robinson,
Public affairs specialist

As the Defense Commissary Agency continues to transform its business model the agency must also work to get more authorized patrons to use their commissary benefit, the agency's Acting Director and CEO **Michael Dowling** said during the 2017 American Logistics Association National Convention Oct. 23-25 in Norfolk, Virginia.

ALA's national event brings together the senior leadership of DOD's military resale activities with the supporting network of commercial vendors, suppliers and brokers that provide products to commissaries and exchanges.

"I don't think anybody better understands that we've had a severe customer sales decline since 2012," he said during his presentation on the state of DeCA. "We've got to get our customers back into the stores. We've got to be able to create some excitement. ... we've got to be able to give them a reason to come

back in."

A major part of DeCA's efforts to attract more patrons revolves around the agency's ongoing transformation to variable pricing, an effort expected to make commissaries more competitive with commercial stores on the prices of popular products.

However, transforming DeCA's business model is only part of the solution. The agency has to do better at reaching out to its patrons, Dowling said. "We've got to do a better job of understanding what our customers want and enhance their shopping experience."

On Oct. 24, the first day of the ALA's general sessions, attendees received the breaking news that DOD had selected retired Rear Adm. **Robert J. Bianchi**, the CEO of the Navy Exchange Service Command, to also serve as DeCA's interim director and CEO. That announcement came during video remarks from **Stephanie Barna**, acting assistant secretary of defense (manpower and reserve affairs).

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“On behalf of DeCA, the leadership and the employees, we welcome Adm. Bianchi coming on board,” Dowling said at ALA. “We look forward to him bringing [DeCA] extensive business experience and ideas, especially when it comes to pricing and customer service – things we can certainly take advantage of as we move forward and try to engage and enhance our ability to support our patrons and deliver the benefit.”

Dowling also talked about this year’s recent commissary grand openings at Naval Air Station Jacksonville, Florida, and Fort Belvoir, Virginia, complete with their new Healthy Living sections and built-in capabilities to offer CLICK2GO service in the future. He also addressed the upcoming grand opening of the new Camp Humphreys, Korea, commissary in February 2018 and the status of the ongoing Enterprise Business Solution rollout.

Dowling also lauded the extraordinary efforts of the DeCA employees who helped deliver the commissary benefit before and after the recent hurricanes and thanked industry for its unprecedented support of stores affected by the historic storms.

He also emphasized the oversight that directs DeCA’s business transformation. “We’ve certainly got some congressional direction in the last few NDAA’s (National Defense Authorization Acts),” he said. “They’ve made it clear to us that we have to work at reducing the appropriation, but they’ve also acknowledged there’s some need for a level of appropriation for us.”

Ensuring the future of the commissary benefit was the central theme of Dowling’s presentation and that of **Chris Burns**, executive director of business transformation, who also talked about DeCA’s fiscal 2017 sales performance. Burns updated the convention on

the following transformation measures:

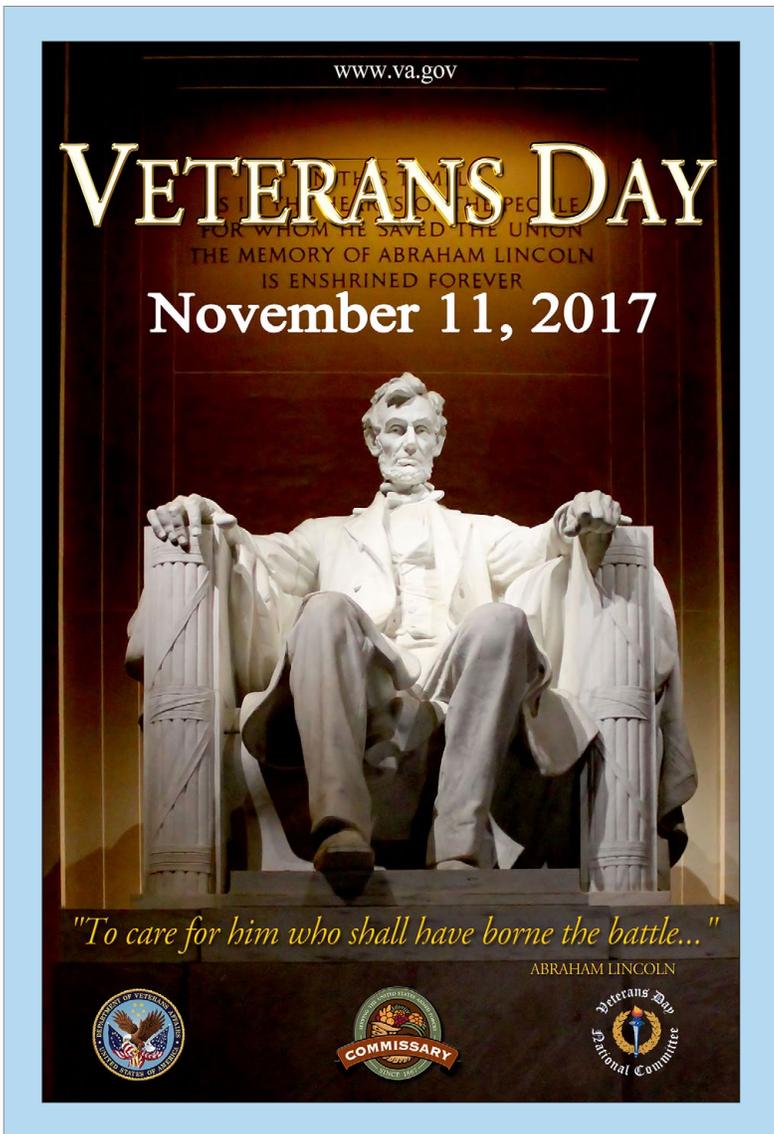
- DeCA’s ongoing category performance initiative negotiations with industry to achieve lower costs on products sold in stores
- The surge of commissary store brands sales and the current additions to the agency’s private label inventory
- Continued expansion of variable pricing across DeCA

Both Burns and Dowling said DeCA is looking for more opportunities to partner with the exchanges, whether it’s through joint sales on the installations, or the acquisition and transportation of products through the supply chain.

Ultimately, Dowling continued an ongoing message that DeCA and its industry partners have to do better to execute the agency’s foremost responsibility of putting products on store shelves. Commercial grocers average a 98 percent product availability rate, but DeCA’s is 92 percent.

“That 6 percent is a lot of lost sales,” Dowling said. “A lot of sales that aren’t occurring, and it’s also a significant challenge to our stores and a challenge to manufacturers, distributors and others.”

To that end, Dowling said DeCA is going to launch a comprehensive study of the entire distribution system to look at ways to be more efficient and effective in placing product on store shelves. “We have to make sure that every day we are putting product in our stores as needed.



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