

GAO

Report to the Senate and House
Committees on Armed Services and
Subcommittees on Defense, Senate and
House Committees on Appropriations

March 2003

**DEFENSE
INFRASTRUCTURE**

**Personnel Reductions
Have Not Hampered
Most Commissaries'
Store Operations and
Customer Service**





Highlights of [GAO-03-417](#), a report to Senate and House Committees on Armed Services and Subcommittees on Defense, Senate and House Committees on Appropriations

DEFENSE INFRASTRUCTURE

Personnel Reductions Have Not Hampered Most Commissaries' Store Operations and Customer Service

Why GAO Did This Study

In response to concerns about the impact of proposed cuts in the Defense Commissary Agency's workforce, the House Armed Services Committee placed in its report on the Bob Stump National Defense Authorization Act for Fiscal Year 2003 a requirement that we evaluate the effect of the personnel reductions. Specifically, we assessed (1) the status of personnel reductions and how they have affected store operations and customer service, and (2) whether the agency uses a reliable methodology to measure customer satisfaction with its commissaries.

What GAO Recommends

We are recommending that the Under Secretary of Defense (Personnel and Readiness) require the Director of the Defense Commissary Agency to: (1) update the agency's strategic plan to include goals that identify the percentage of the store workforce that is expected to be full- and part-time, (2) reassess management staffing for small stores, (3) adjust customer survey results on the basis of a store's sales volume, (4) collect data on customers who refuse to fill out survey forms, and (5) examine potential survey methods to periodically determine how many potential customers do not shop at commissaries and the reasons why not. The Department of Defense agreed with four of our five recommendations. It disagreed with the recommendation to identify goals for the projected workforce mix.

www.gao.gov/cgi-bin/getrpt?GAO-03-417

To view the full report, including the scope and methodology, click on the link above. For more information, contact Barry Holman at (202) 512-8412 or holmanb@gao.gov.

What GAO Found

The Defense Commissary Agency's commissary operations and customer services have been maintained at the same level, and in some cases improved, despite the recent reductions in workforce. As of December 31, 2002, the agency had completed most of its 3,047 planned personnel reductions in full-time positions. It accomplished this primarily by achieving efficiencies or eliminating vacant positions in the stores. Only 122 employees have been separated and 341 retired as a result of the personnel cutbacks.

A major focus of DeCA's personnel reductions, as outlined in its strategic plan, was to reshape the workforce and develop a more efficient organization. We found that commissaries are making greater use of part-time employees because of the reductions. This has allowed some stores to increase their operating hours to better meet customer needs. It has also given store managers more flexibility in meeting workload fluctuations. However, DeCA's strategic plan does not include specific goals for achieving a certain full-time/part-time workforce mix in stores. As a result, the planned percentage of part-time positions varies widely by store. A recent customer satisfaction survey showed that commissary patrons expressed high satisfaction with their overall shopping experience, as well as with such key indicators as time waiting in line and convenient hours. However, the managers of the smaller commissaries reported concerns over balancing workload and maintaining store operations.

We found that the Commissary Customer Satisfaction Survey methodology is reasonable. However, some improvements in the analysis of survey data could ensure that the findings are more complete and consistent. Such changes could include adjusting survey results for the volume of sales at individual stores or for the number of shoppers who refuse to fill out the questionnaire. Furthermore, the current survey does not collect information on the number of, and reasons why, potential customers do not shop at their local commissaries.

Planned Personnel Reductions by Organizational Level

Organization	Fiscal year 2000 baseline	Reductions in full-time positions	
		Planned	Actual 12/31/02
Headquarters ^a	911	187	116
Regional offices	590	170	170
Stores	16,565	2,690	2,316
Total	18,066	3,047	2,602

Source: DeCA.

^aIncludes field operating activities.

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G A O

Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

March 6, 2003

Congressional Requesters

In January 2001, the Defense Commissary Agency (DeCA), which operates 276 stores in the United States and abroad for military personnel and retirees, issued a strategic plan that outlined initiatives to reduce its unit operating costs by 7 percent by fiscal year 2004. A major focus of the unit cost reduction objective was to reshape the workforce by reducing full-time positions and developing a more efficient organization. This plan called for the elimination of over 3,000 full-time positions—about 2,700 in stores through efficiencies, closures, and contracting out some functions and about 350 through efficiencies in the regional offices and headquarters.¹ The agency expects these actions to save about \$82 million without any loss of service to its customers.² As a result of these savings, DeCA reduced its fiscal year 2003 budget request.

In response to a requirement in the Committee on Armed Services House of Representatives' report accompanying the Bob Stump National Defense Authorization Act for Fiscal Year 2003, we reviewed DeCA's plan to reduce personnel.³ Our objectives were to assess (1) the status of personnel reductions and their effect on store operations and customer service, and (2) whether the agency uses a reasonable methodology to measure customer satisfaction.

¹ The elimination is of full-time equivalent positions.

² The reduction plan, which also includes savings through non-manpower reductions such as utility and transportation costs, is to reduce DeCA's appropriation by a total of \$137 million in fiscal year 2003 and reduce annual operating costs through the out years.

³ H. Rep. No. 107-436.

Results in Brief

DeCA's store operations and customer service have been maintained and in some cases improved despite the personnel reductions. As of December 31, 2002, DeCA had eliminated 2,602, or 85 percent, of the planned 3,047 full-time positions, mostly at the stores by implementing new staffing standards or eliminating vacant positions; very few of these employees have been separated from the agency by a reduction in force. We found that greater use of part-time employees, as a result of the reductions, has provided store directors with flexibility to meet workload fluctuations and enabled some stores to increase their operating hours to meet customer needs. However, DeCA's strategic plan, which addresses its force downsizing and reshaping initiatives, does not include specific goals for achieving a certain full-time/part-time workforce mix in stores. As a result, the planned percentage of part-time positions varies widely by individual store and region. The November 2002 Commissary Customer Service Survey showed scores stayed the same or increased slightly compared to the past two surveys for overall high customer satisfaction, and for such key indicators as time waiting in line and convenient hours. However, managers of some small stores are having difficulty balancing their workloads as a result of the reductions in management positions. DeCA officials are aware of but have not yet identified a plan to address the small store management issue.

DeCA's Commissary Customer Service Survey methodology is a reasonable approach to collect customer feedback. It adheres to standard questionnaire design standards and seeks to survey shoppers in an unbiased manner. However, some improvements in the analysis of the survey data could be made to ensure that results are more precise and consistent. For example, the agency does not explicitly adjust survey results for actual store sales volumes or document the number of shoppers who refuse to complete the survey questionnaire. Because these factors are not considered, overall survey results could be distorted to some degree. Furthermore, the current survey does not collect information on the number of and reasons why, potential customers do not shop at a commissary.

We are making recommendations to the Under Secretary of Defense (Personnel and Readiness) to help DeCA achieve its strategic objective of reshaping the workforce as well as improve its customer satisfaction survey process. In comments on a draft of this report, the Department of Defense agreed with four of our five recommendations. It disagreed with our recommendation that the Under Secretary direct the Director, Defense Commissary Agency, to update its strategic plan to include goals that

identify the percent of store workforce that is expected to be full- and part-time.

Background

DeCA, headquartered at Fort Lee, Virginia, is the Department of Defense's designated agency for managing commissaries on a worldwide basis. A Commissary Operating Board, which is comprised of representatives from each of the military services, has day-to-day operational oversight responsibilities for DeCA. The Under Secretary of Defense (Personnel and Readiness) exercises overall supervision of the commissary system. DeCA operates four regional offices that oversee the management of its commissaries. Commissaries are located in 46 states and 14 foreign countries. As of November 7, 2002, the agency had 276 stores and more than 16,000 employees under its purview. Its annual sales in fiscal year 2002 amounted to about \$5 billion.

In meeting its mission of providing groceries at a savings to the customer, in the most efficient and effective manner possible, DeCA strives to provide the lowest cost possible, charging patrons only for the cost of goods plus a 5-percent surcharge.⁴ DeCA receives about \$1 billion in direct appropriations from Congress for its annual operating costs. These funds pay for employees' salaries, transportation, some above-store-level information technology, and other expenses. DeCA also operates a resale stock fund for the purchase and sale of products. To the extent that savings in operating costs occur, they reduce the need for appropriated funds. The savings in store operating costs do not have an effect on the cost of merchandise sold to customers.

In January 2001, DeCA issued its current strategic plan. This plan included objectives to reduce unit operating costs and reshape the workforce while maintaining or improving customer service and satisfaction. A major focus of the unit cost reduction objective was to reduce positions as well as streamline operations and develop a more efficient organization. To reshape the workforce, DeCA planned to determine the appropriate mix of skills and expertise and the appropriate level of part-time employees to carry out the reductions to reach a more efficient organization.

⁴ The funds generated by the surcharge are used to maintain and repair existing stores and construct new facilities.

DeCA conducts a biannual Commissary Customer Service Survey to assess customer views of products and services.⁵ A team appointed by each store director administers the survey. Customers are systematically selected while waiting in checkout lines. A predetermined number of questionnaires are collected during three periods (morning, midday, and evening) each day for 10 consecutive days during May and November each year. The survey questions are multiple choice with space available for written comments. See appendix I for a copy of the questionnaire. The completed forms are mailed to DeCA headquarters for analysis, and customer service scores are calculated for DeCA overall and for each region and store.

Personnel Reductions Have Not Hampered Most Commissaries' Store Operations or Customer Satisfaction

Despite the workforce reductions, store operations and customer service have been maintained at the same level, and in some cases improved. DeCA has used various measures to eliminate 2,602 full-time positions, or 85 percent of the planned reductions as of December 31, 2002; very few employees have been separated from the agency. While downsizing and reshaping were occurring, regional officials stated that they encouraged store directors to use part-time positions to maintain store operations. DeCA officials stated the use of part-time employees has enabled store directors to better manage workload fluctuations, expand hours of operation, and thereby improve customer service. However, because DeCA's strategic plan does not include specific goals for achieving a certain full-time/part-time workforce mix in stores, the planned percentage of part-time positions varies widely by individual store and region. Despite personnel reductions, scores for the customer satisfaction surveys completed since DeCA began the personnel reductions show the same or slightly increasing levels of customer satisfaction with the stores. Notwithstanding the improvements, managers of small stores report having difficulty balancing store operations and duties, as a result of the reductions in the number of management positions.⁶

⁵ Prior to 2002, the survey was conducted once a year rather than twice annually.

⁶ DeCA categorizes its stores into six bands based on average monthly sales volume and days of operation. Small stores are those with average monthly sales of less than \$1 million. Medium and large store categories have sales ranges from \$1 million to \$2 million and \$2 million and higher, respectively. A few medium stores have sales less than \$1 million.

Savings Achieved Through Personnel Reductions

DeCA is using workforce reductions as the primary means to achieve its goal of reducing operating costs by fiscal year 2004. As table 1 shows, DeCA plans to reduce its workforce by 3,047 full-time positions, a decrease of 17 percent from its fiscal year 2000 staff. Of these positions, the largest number (2,690) will come from reductions at the store level while 187 will come from headquarters and 170 from regional offices.

Table 1: Planned Personnel Reductions by Organizational Level

Organization	Fiscal year 2000 baseline	Reductions in full-time positions	
		Planned	Actual 12/31/02
Headquarters ^a	911	187	116
Regional offices	590	170	170
Stores	16,565	2,690	2,316
Total	18,066	3,047	2,602

Source: DeCA.

^aIncludes field operating activities.

As of December 31, 2002, DeCA had completed all of its workforce reductions at the regional offices and 62 percent of its planned headquarters' reductions. It accomplished this by eliminating 137 vacant positions (114 in headquarters and 23 in the regional offices). It reduced its regional staff by another 147 positions through organizational changes and other efficiencies, including closing two area offices in one region.

By the same date, DeCA had completed most of its planned workforce reductions at the store level, eliminating 2,316, or 86 percent of the 2,690 positions that it had targeted. As table 2 indicates, most of the planned store-level reductions (51 percent) are being achieved by implementing efficiency measures within stores. Efficiencies are being derived by implementing new staffing standards for each department within a store based on sales volume and other measures. The remaining reductions are accomplished by other methods, including eliminating vacant positions, closing stores, and contracting out some functions.

Table 2: Planned Personnel Reductions at Store Level, by Method

Method	Number	Percent
Achieve efficiencies through new staffing standards	1,374	51
Eliminate vacant positions	812	30
Close stores	361	13
Contract out	143	5
Total	2,690	99^a

Source: DeCA.

^aPercentages do not add to 100 due to rounding.

A breakdown of completed and planned workforce reductions at the store level are as follows:

- 1,113 positions were eliminated by implementing the new store staffing standards based on sales volume. The remaining 261 efficiency reductions are planned in fiscal year 2003.
- 812 vacant positions were eliminated. A DeCA official stated that vacant positions existed because stores had historically been funded at only 90 percent of their required staffing. The elimination of these positions resulted in no personnel losses and produced no savings.
- 304 positions were eliminated as a result of 15 store closings. Closings can stem from Base Realignment and Closure recommendations or Under Secretary of Defense (Personnel and Readiness) approval of DeCA's recommendations from internal assessments. An additional 49 positions will be eliminated at two stores scheduled to close in fiscal year 2003.⁷
- 87 positions were eliminated by contracting out such store functions as receiving, handling, and stocking. An additional 30 positions at various stores will be eliminated in this way in fiscal year 2003. The remaining 26 planned reductions were canceled to provide positions for a new computer-aided ordering function.

Although DeCA had eliminated most of the planned 2,690 positions from its stores by the end of 2002, only 122 store employees were separated from the agency by a reduction in force and an additional 341 employees retired. Other employees were reassigned or moved to lower graded positions through the reduction process.

⁷ Stores at Rhein Main and Bad Aibling, both in Germany, are scheduled to close.

**Stores Plan Greater
Reliance on Part-time
Positions but Lack Specific
Goals for Workforce Mix**

As part of the effort to reshape the workforce, all stores have begun to, or plan to, increase the use of part-time positions to manage workloads and meet the needs of customers. However, since DeCA's strategic plan does not include specific goals for achieving a certain full-time/part-time workforce mix in stores, the planned percentage of part-time positions varies widely by individual store and region.

The available data shows that the number of part-time positions in stores has increased since the personnel reduction plan went into effect. For example, the number of part-time employees rose by 8 percent in stores in the Midwest region between April 2001 and October 2002. Store directors told us that using part-time employees improved their ability to manage fluctuations in store workloads more effectively. For example, a store director said that part-time employees were used during weekends and holidays to save money. Another store director pointed out that part-time employees are available to work if there is work to do in a department or cover a peak shopping period, but they can be sent home if the work is completed. In addition, some store directors told us that a greater use of part-time workers has allowed them to increase their store operating hours. We found that 30 stores have increased their hours of operation by relying more heavily on part-time employees. For example, one store with a part-time workforce of nearly 60 percent increased its operating hours by 6 hours a week.

In addition, current individual store plans call for a growth in the number of part-time positions in stores as of the end of fiscal year 2003. The Eastern and Midwest regions estimate that about 56 percent of their store positions will be part-time, and the Western Pacific region estimates 46 percent of its store positions will be part-time. Table 3 shows the range in the percentage of part-time positions that stores within each sales band plan to employ.

Table 3: Range of Percentages of Part-time Positions Planned by Stores, by Region^a and by Store Band^b at the End of Fiscal Year 2003

Store band	Eastern region	Midwest region	Western Pacific region
1	25-100	7-67	14-45
2	28-71	45-68	47-57
3	41-56	24-61	7-67
4	27-72	34-71	21-65
5	34-76	42-78	24-64
6	40-70	50-67	23-66
Average part-time positions in region	53	56	46

Source: DeCA.

^aThe European Region was not included in the scope of work.

^bStores are categorized into six bands according to their average monthly sales volume and days of operation.

As table 3 shows, the planned percentage of part-time positions varies widely by individual store and region. For example, one Eastern region store expects to convert all of its store positions to part time while another store in the Western Pacific region plans to have only 7 percent of its workforce as part time. While some stores are close to the 75 to 80 percent industry average for part-time positions in commercial grocery stores, the overall regional average of part-time positions indicates that there are opportunities to achieve more efficiencies through greater use of part-time positions.

Store directors have the flexibility of changing the mix of full-time and part-time positions in their stores. Some store directors told us they used part-time positions primarily to meet their budget goals. One store director said that part-time positions were created to meet the store's budget and that there were no plans to increase part-time positions in the store once the needed reductions were made. However, nearly all of the store directors we interviewed said that they could operate their stores with more part-time positions rather than full-time positions. As indicated earlier, they recognized that part-time positions provide flexibility to manage workload fluctuations more effectively. A regional director said that agencywide goals for part-time workers need to be incorporated into the strategic plan to optimize agency efforts to reshape the workforce.

Customer Satisfaction Remains High Despite Workforce Reductions

According to recent surveys, customer satisfaction with commissary stores has shown a modest, but steady, improvement between October 2001 and November 2002, the period when personnel reductions were being made. These improvements were registered in the overall score, ranging from 4.33 to 4.39, as well as in specific products and service categories. Table 4 includes results for 6 of the 14 questions, as well as the overall score.

Table 4: Customer Satisfaction Scores^a on Recent Surveys, for Product and Service Categories

Category	October 2001	May 2002	November 2002
Produce quality/selection	4.22	4.26	4.27
Meat quality/selection	4.30	4.35	4.37
Checkout waiting time	4.34	4.39	4.39
Convenient hours	4.33	4.36	4.38
Courteous, friendly and helpful employees	4.64	4.64	4.66
Overall satisfaction	4.49	4.52	4.53
Overall score	4.33	4.38	4.39

Source: DeCA.

Note: DeCA also collects data on bakery and deli operations, which are both operated by contractors.

^aScores are based upon a scale of 1 (very poor) to 5 (very good).

These scores reflect continuing satisfaction including those likely to be most immediately affected by changes in personnel levels such as checkout waiting time.

Reductions in Management Positions at Small Stores Is Causing Some Concerns

As part of the effort to reshape the workforce, many directors of small stores (bands 1 and 2) told us they had to eliminate one managerial position. Small stores that have less than \$60,000 in average monthly sales were required to reduce the number of managers to one manager. Small stores with \$60,000 to \$500,000 in average monthly sales had to reduce their number to two managers. The managers of 15 of the 28 band 1 stores told us that they are having difficulties balancing store operations with their own managerial and administrative duties along with doing the work of absent employees. Some store directors said they typically

have to work more than 40 hours a week to perform all these duties.⁸ Eighty-seven percent of these 15 band 1 stores are open more than 40 hours a week. Because DeCA policy requires that a manager be present in the store when it is open for customers, when the second manager or an employee is absent, the on-duty manager has to carry his/her own workload and administrative functions, as well as the load of the absent manager or employee, typically working over the usual 40-hour work week. DeCA headquarters officials have recognized the concerns raised by managers in small stores and the need to balance their overall workload but have not yet developed a plan for doing so.

Customer Satisfaction Survey Methodology Is Reasonable, but Analysis Could Be Improved

Overall, DeCA's customer satisfaction survey methodology is a reasonable approach to obtain customer feedback. It adheres to standard questionnaire design principles, and attempts to select shoppers in an unbiased fashion. However, some improvements in the analysis of survey data could be made to provide more precise and complete customer information. For example, it could adjust survey results for actual sales volumes, or report and possibly adjust for shoppers who refuse to complete the survey questionnaire. Because these factors are not considered, overall survey results could be distorted to some degree. Furthermore, the current survey does not collect information on the number of service members who do not shop at a commissary and reasons why they do not.

Weighting Survey Responses by Current Sales Volume Categories May Give Incomplete Results

DeCA's current methodology appropriately attempts to obtain more survey responses from stores with higher sales volumes than stores with smaller sales volumes. DeCA places commissaries into three groups according to sales volume. They do this so that survey responses of customers in greater sales volume stores receive more emphasis than those in lower volume stores. For example, stores in the largest sales volume group are required to collect 150 responses, stores in the next largest sales group collect 100 responses, and those in the lowest sales volume group collect 50 responses. However, sales volume can vary significantly among the stores in the same group as well as between groups. A more precise methodology would entail weighting survey responses by the relative sales volume of individual stores. This approach could help DeCA avoid

⁸ The management staffing standards show store management structure based on sales volume. Managers of small stores typically manage from 3 to 40 employees.

potential over- or underreporting of survey results, and evaluate changes in survey results that may be impacted by changes in sales volume.

Number of Non-respondents Needs to Be Recorded

DeCA does not document the number of customers who refuse to participate in the customer satisfaction survey. DeCA officials told us that most customers selected to participate in the survey willingly respond, but they acknowledge that documenting the number of non-respondents would enhance survey reporting. Survey literature indicates that even nominally low levels of non-responses can influence the interpretation of survey results. There may be a particular sub-group of customers that does not respond to the questionnaire and that would not be reflected in DeCA results. By not adjusting for non-response, DeCA is assuming that respondents have similar satisfaction scores as non-respondents. Also, by collecting data on non-respondents, the agency may be able to determine if the results omit customer subgroups whose opinions may be important. For example, some dependents of service personnel may not feel comfortable participating in the survey because of language barriers.

Assessing Why Eligible Shoppers Do Not Shop at Commissaries

DeCA does not conduct systematic assessments of the number and types of personnel who do not shop at commissaries. The customer satisfaction survey is conducted in the stores, and thus reflects the views of those who shop at the commissaries. They do not capture the views of those who do not shop there. Although DeCA's strategic plan addresses the need to attract more military personnel to use the commissary, DeCA officials do not know to what extent eligible customers are not shopping at a commissary and the reasons why not.

Conclusions

Realignment of the workforce, through greater use of part-time employees, has enabled many stores to increase their operating hours and maintain or improve customer service. However, DeCA's strategic plan does not include specific goals for the full-time/part-time workforce mix. As a result, the extent of part-time employees varied among the stores and is significantly less than current industry practice. Opportunities to achieve even more efficiencies may exist through greater use of part-time positions. In addition, small store directors have concerns about balancing their workload and maintaining store operations. Although DeCA's customer satisfaction survey questionnaire is reasonable, survey results could be subject to some under- or over- stated because the current methodology does not explicitly weight stores' results by sales volume and

does not collect data on non-responding customers. Finally, DeCA does not know how many eligible service members do not shop at a commissary and the reasons they do not.

Recommendations for Executive Action

We recommend that the Under Secretary of Defense (Personnel and Readiness), in consultation with the Chairman, Commissary Operating Board, require the Director, Defense Commissary Agency, to

- update the strategic plan to include goals that identify the percent of the store workforce that is expected to be full- and part-time to achieve further efficiencies from reshaping the workforce;
- reassess the management reductions at small stores to ensure managers can balance their workload and maintain store operations;
- adjust the customer survey results on the basis of sales volume and customer expenditure data;
- document the number of survey non-respondents and their reasons for not completing the questionnaire; and
- examine potential methods and analyses to periodically determine how many and why eligible personnel do not shop at commissaries, to identify ways to improve service and increase the number of potential customers using the commissary benefit.

Agency Comments and Our Evaluation

In commenting on a draft of this report, the Under Secretary of Defense (Personnel and Readiness) concurred with four of our five recommendations and outlined actions to be taken to address the four recommendations the department concurred with. He disagreed with our recommendation that the Defense Commissary Agency update its strategic plan to include goals that identify the percent of the store workforce that is expected to be full- and part-time, expressing the view that staff in Washington should not prescribe the full-part-time mix for stores. The intent of our recommendation was not for the Under Secretary to prescribe the workforce mix for stores but rather have the Defense Commissary Agency include agencywide goals on the projected workforce mix in its strategic plan to help achieve the goal of reshaping the workforce. Rather than being arbitrary or prescriptive, such goals, if based on considered research or best practices, could provide an important term of reference to guide staffing decisions at the local level to optimize organizational performance and cost effectiveness. We continue to believe the recommendation is an appropriate one for the Defense Commissary Agency to implement. The department's comments are reprinted in appendix II.

Scope and Methodology

We performed our work at DeCA headquarters located at Fort Lee, Virginia, and DeCA's three regional offices in the continental United States (the Eastern Regional Office in Virginia Beach, Virginia; the Midwest Regional Office in San Antonio, Texas; and the Western Pacific Regional Office in Sacramento, California). Due to travel costs and time constraints, we did not do any work at the European Regional Office in Germany; however, the total number of reductions shown for DeCA does include positions in the European Region.

To determine the status of DeCA's personnel reduction plan, we obtained data from DeCA headquarters and each regional office on the number of reductions planned by region by store as well as made as of December 31, 2002. We also analyzed reduction-in-force data to determine the actual or estimated impact on store employees. We also reviewed DeCA's strategic plan to document DeCA's plans for reducing unit operating costs and reshaping the workforce. We did not validate the cost savings reported by DeCA.

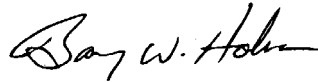
To determine how store operations and customer service have been affected by the personnel reductions, we interviewed officials at DeCA headquarters and the three regional offices in the United States. We also interviewed store directors at eight stores that were near the Eastern and Midwest regional offices. In addition, we also conducted telephone interviews with either the store directors or managers for 38 band 1 and 2 stores in the continental United States (defined as having average monthly sales volume of less than \$1 million), resulting in interviews of all 41 band 1 and 2 stores in the continental United States. We also determined the planned use of part-time positions by each store in the three regional offices visited. Finally, we also reviewed and discussed the Commissary Customer Service Survey results for the surveys conducted in October 2001 and May and November 2002, to identify changes in the satisfaction scores as the personnel reductions were being implemented.

To determine if the DeCA customer satisfaction survey methodology is reasonable, we reviewed DeCA's questionnaire and methodology and contrasted these to standard questionnaire design and statistical sampling procedures used in industry and government research. We also interviewed DeCA officials responsible for administering the survey regarding their analysis of survey results. We also observed the survey being conducted at the Fort Myer store in Virginia in November 2003.

We conducted our review from July 2002 through January 2003 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Secretary of Defense; the Under Secretary of Defense (Personnel and Readiness); the Chairman, Commissary Operating Board; Director, Defense Commissary Agency; and the Director, Office of Management and Budget. In addition, the report will be available at no charge on GAO's Web site at www.gao.gov and to others upon request.

Please contact me at (202) 512-8412 if you or your staff have any questions concerning this report. Major contributors to this report were Michael Kennedy, Leslie Gregor, Betsy Morris, Curtis Groves, and Nancy Benco.



Barry W. Holman
Director, Defense Capabilities
and Management

List of Congressional Committees

The Honorable John Warner
Chairman
The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Ted Stevens
Chairman
The Honorable Daniel K. Inouye
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Duncan Hunter
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The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable Jerry Lewis
Chairman
The Honorable John P. Murtha
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Commissary Customer Service Survey Questionnaire



The public reporting burden for this information collection is estimated to average 4 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspects of this collection of information, including suggestions for reducing the burden, to Department of Defense Headquarters Services, Directorate for Information Operations and Reports (0704-0380), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provisions of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

OMB #: 0704-0380
August 9, 2004
RCS #: DD-P&R(A)1969

COMMISSARY CUSTOMER SERVICE SURVEY

DeCA Form 40-157, Mar 2002 (Supersedes DeCA Form 60-28, May 1995)

Please use this survey to rate our performance. Thank you for your participation.

INSTRUCTIONS

- One survey per household please
- Use No. 2 pencil
- Fill in only one circle per question
- Fill circles completely

	VERY POOR	POOR	AVERAGE	GOOD	VERY GOOD
1. Low prices/overall savings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Well stocked, full shelves	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Convenient hours	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Entrance/sales area/restroom cleanliness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Produce quality/selection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Meat quality/selection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Deli quality/selection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Bakery quality/selection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Other food items (dry goods, frozen foods & dairy) selection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Store layout and time required to shop	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Checkout waiting time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Attractive displays/store decor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. Courteous, friendly and helpful employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14. Overall satisfaction (How did we do?)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Is this your first time shopping at a commissary? Yes No

How did you first learn about your commissary benefit?

- Basic/advanced training
- Family/community service centers
- Installation newspaper
- Do not recall
- Installation New Comer Orientation
- Other (please write-in) _____

Please fill in this circle if you are making a comment and use reverse side to comment. Please comment on areas above only. Direct specific product requests/employee names to the store manager. Thank You.

160452-3

*U.S. GOVERNMENT PRINTING OFFICE: 2002-729-639

SPONSOR'S AGE:

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-69
- 70-74
- 75 or more

SPONSOR'S STATUS:

- Active Duty
- Retired Military
- Reserve/Guard (R/G) active
- R/G Inactive
- Retired R/G (less than 60 yrs old)
- Civilian on orders
- Other _____

HOW FAR DO YOU LIVE FROM THE COMMISSARY?

- Less than 5 miles
- 5-15 miles
- 16-30 miles
- 31-45 miles
- 46 miles or more

YOUR ZIP CODE

0	0	0	0	0
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	7	7	7	7
8	8	8	8	8
9	9	9	9	9

SPONSOR'S GRADE: Active or Retired

- E1
- E2
- E3
- E4
- E5
- E6
- E7
- E8
- E9
- W1
- W2
- W3
- W4
- W5
- O1
- O2
- O3
- O4
- O5
- O6
- O7
- O8
- O9
- O10

SERVICE MEMBERSHIP:

- Army
- Navy
- Air Force
- Marines
- Coast Guard
- Other

HOW MANY IN YOUR HOUSEHOLD (include yourself)?

- 1
- 2
- 3
- 4
- 5
- 6 or more

ON AVERAGE, HOW MUCH DO YOU SPEND PER MONTH AT THIS COMMISSARY?

- 0-50
- 51-100
- 101-150
- 151-200
- 201-250
- 251-300
- 301-350
- 351-400
- 401-450
- 451-500
- 501-600
- 601 or more

ON AVERAGE, HOW MANY TIMES PER MONTH DO YOU SHOP AT THIS COMMISSARY?

- 1
- 2
- 3
- 4
- 5
- 6 or more

YOUR #1 VALUED BENEFIT (fill in only ONE answer please)

- Medical
- Commissary
- Rec Facilities
- Education
- Exchange
- Dental
- Clubs
- Library

SURVEY NO.:

23803

Appendix II: Comments from the Department of Defense



PERSONNEL AND
READINESS

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

FEB 26 2003

Mr. Barry Holman
Director, Defense Capabilities and Management
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Holman:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-03-417, "DEFENSE INFRASTRUCTURE: Personnel Reductions Have Not Hampered Most Commissaries' Store Operations and Customer Service," dated February 7, 2003 (GAO Code 350243).

The DoD concurs with the overall comments and recommendations in the report with one exception. I do not believe we in Washington should prescribe the full-time/part-time mix for stores. Rather, we should counsel those managers who should make more aggressive use of part-time personnel, leaving the detailed plan to them. Specific comments on the remaining recommendations are enclosed.

Thank you for the opportunity to comment on this report.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. C. Chu".

David S. C. Chu

Enclosure:
As stated



GAO-03-417/GAO CODE 350243

**“DEFENSE INFRASTRUCTURE: PERSONNEL REDUCTIONS
HAVE NOT HAMPERED MOST COMMISSARIES’ STORE
OPERATIONS AND CUSTOMER SERVICE”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommended that the Under Secretary of Defense (Personnel and Readiness), in consultation with the Chairman, Commissary Operating Board, require the Director, Defense Commissary Agency, to update the strategic plan to include goals that identify the percent of the store workforce that is expected to be full-and part-time to achieve further efficiencies from reshaping the workforce. (Page 13/Draft Report).

DoD RESPONSE: Nonconcur with comment. I do not believe we in Washington should prescribe the full-time/ part-time mix for stores. Rather, we should counsel those managers who should make more aggressive use of part-time personnel, leaving the detailed plan to them.

RECOMMENDATION 2: The GAO recommended that the Under Secretary of Defense (Personnel and Readiness), in consultation with the Chairman, Commissary Operating Board, require the Director, Defense Commissary Agency, to reassess the management reductions at small stores to ensure managers can balance their workload and maintain store operations. (Page 13/Draft Report).

DoD RESPONSE: Concur. In structuring the workforce of the future, the Department will require DeCA to reassess the management positions that are authorized in small stores.

RECOMMENDATION 3: The GAO recommended that the Under Secretary of Defense (Personnel and Readiness), in consultation with the Chairman, Commissary Operating Board, require the Director, Defense Commissary Agency, to adjust the customer survey results on the basis of sales volume and customer expenditure data. (Page 13/Draft Report).

DoD RESPONSE: Concur. The Department will require the Defense Commissary Agency to adjust customer survey results based on sales volume as described in the report. A method for adjusting survey results based on sales volume will be developed and fully implemented prior to fiscal year 2004 data collection.

RECOMMENDATION 4: The GAO recommended that the Under Secretary of Defense (Personnel and Readiness), in consultation with the Chairman, Commissary Operating Board, require the Director, Defense Commissary Agency, to document the number of survey non-respondents and their reasons for not completing the questionnaire. (Page 14/Draft Report).

DoD RESPONSE: Concur. The Department will require the Defense Commissary Agency to design and implement a method to document the number of non-respondents. In addition, as much information as practical will be collected in order to understand reasons for non-response. A method to document non-respondents will be developed and fully implemented.

RECOMMENDATION 5: The GAO recommended that the Under Secretary of Defense (Personnel and Readiness), in consultation with the Chairman, Commissary Operating Board, require the Director, Defense Commissary Agency, to examine potential methods and analyses to periodically determine how many and why eligible personnel do not shop at commissaries, to identify ways to improve service and increase the number of potential customers using the commissary benefit. (Page 14/Draft Report).

DoD RESPONSE: Concur. The Department will require the Defense Commissary Agency to examine potential methods and analyses to periodically determine how many and why eligible personnel do not shop at commissaries, to identify ways to improve service and increase the number of potential customers using the commissary benefit. Potential methods will be examined before the end of fiscal year 2003.

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