



Dow

Formidable Mission: Focused on the Customer

Navy Exchange Service Command (NEXCOM) Senior Vice President (SVP), Store Operations, Richard Dow emphasizes the importance of a “customer-centric approach” when it comes to the relationship among Store Operations, sales staff and NEX patrons.

Stores that are more inviting to customers improve their shopping experience, leading to return visits and top-of-mind thinking when patrons contemplate where to make their next shopping trip.

In this exclusive interview, Dow discusses the role that Store Operations plays in delivering the NEX benefit, and how the group hopes to turn challenges into opportunities to create reachable goals — all to make customers’ shopping experiences the best that they can be.



Visual elements that resonate with patrons, such as here at NCBC Gulfport, Miss., help reinforce the exchange service’s branded identity throughout the NEXCOM enterprise as the preferred destination of Navy customers.

NEXCOM PHOTOS

E and C News: What do you feel has gone right thus far in the areas you are responsible for — or has generated positive knock-on effects in other areas — during fiscal 2013 and fiscal 2014?

Richard Dow: Fiscal 2013 and Fiscal 2014 year-to-date have been extremely productive for the Store Operations Group. I’m excited to say that we’ve completed the majority of the capital investment projects on our aggressive and ambitious business plan and have launched many new initiatives aligned with our strategic vision that will position us for the future.

These accomplishments (*see box*) are the result of collaborative and cross-functional partnerships between headquarters functional codes, store operators in the field, our industry business partners and our Navy community.

E and C News: In your view, what is the relationship between Store Operations and sales? How does getting Store Ops “right” help the sales process flourish?

Dow: As store operators, we recognize that well-conceived programs and initiatives developed by our merchants, to be successful, must be delivered in a pleasant, well-designed shopping environment and executed by well-trained associates. This is challenging given the broad spectrum of our store formats, customer segments, demographics and complexities of our business model.

To meet this challenge, over the past
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year and a half, we have focused on a customer-centric approach to ensure a compelling and engaging shopping experience. From a capital improvements standpoint, we have renovated over 50 locations including NEXs Hawaii and San Diego and a large number of Mini-Marts, Fleet Stores and Uniform Shops. These renovations feature visual branding elements that serve to differentiate us from our competition and connect us emotionally to our Navy family and the local community.

This year, we partnered with NEXCOM’s Ships Stores Program to renovate facilities and deploy the NEX branding initiative in 10 ships store locations, including the USS Theodore Roosevelt (CVN-71), the USS George Bush (CVN-77) and the USS Ronald Reagan (CVN-76). We begin work aboard the USS John C. Stennis (CVN-74) in September.

In partnership with our merchants, our Operations team translates merchandising strategies to the shopping environment in terms of layout, fixtures, adjacencies, signing and way-finding. Ease of shopping through fixture design and layout allows customers to navigate our stores, readily find product and to check out efficiently.

Our “A Better You” program exemplifies how we developed layout and visual elements to guide and educate our customers during their shopping journey to make healthier lifestyle purchases as they navigate the store.

We continually reevaluate, refine and improve our operating processes through our Lean Six Sigma Rapid Improvement events. These events have resulted in tangible organizational

NEXCOM's Store Operations Group Accomplishments, Fiscal 2013 and Fiscal 2014

- The ongoing rollout of the NEX branding initiative;
- A robust store renovation project schedule;
- Improvements in store layout development, fixturing and messaging;
- The accelerated deployment of Oracle Retail Point-of-Sale (ORPOS);
- New concepts and business development in NEXCOM’s Services and Food Services areas;
- Continual process improvements and standardization;
- A refreshed Premier customer service program;
- Increased investment in NEXCOM associates;
- The delivery, on Sept. 10, of the new NSA Annapolis, Md., store.

Source: NEXCOM

and process improvements throughout our operation that ultimately drive sales.

An example of the dividends we're realizing can be found in our current "5S Back Room Pilot" program, which is a direct outcome of a cross-functional supply chain rapid improvement event. This is where we set out to improve shelf in-stocks and reduce the occurrence of "phantom inventory" in the last 50 feet of our supply chain — the receiving dock to the shelf.

Utilizing 5S methodology adopted from the manufacturing industry, we're transforming and standardizing our back-room culture, organization, equipment and processes to improve restocking efficiencies.

Five locations, including two Tier 1 stores — NEX Hawaii and NEX Norfolk — have achieved what we call "5S Certification," meaning they have met the program criteria and have sustained it for the required period of time. We will continue to evaluate and refine these processes as we learn from our certified stores and pilot stores.

Our district vice presidents are fully committed to this initiative, and we expect at least 20 additional locations to reach this status within the next 12 months.

In partnership with our Human Resources Training Department, we have re-energized our Premier Customer Ambassador Program to "raise the bar" in

Our new online customer feedback application allows us to listen and respond to all customer comments in real time, identify opportunities and make operational adjustments.

E and C News: *You have seen Store Operations evolve in many new directions during your time at NEXCOM. What trends in the marketplace, industry and technology are changing the way business is done in physical stores?*

Dow: Due to the evolution of online shopping, customers now expect a holistic and seamless shopping experience by their preferred brand in an omni-channel environment.

While online shopping is increasing at a rate of approximately 10 percent annually, industry-wide, shopping in physical retail stores is still the preferred method to shop. Retailers must integrate their physical environment to their virtual environment to deliver the shopping experience customers now expect, as well as to find ways to leverage the traffic.

Recently, we launched an "order on line, ship to store" feature, and will have 33 stores operational by the end of September. This new online feature provides a tremendous and well-received convenience for our customers.

As a Navy command, we are aligned with "Big Navy" initiatives including the "21st Century Sailor and Marine" initiative, which is a set of objectives and policies across a spectrum of wellness that maximizes each Sailor's and Marine's personal readiness to hone the most combat-effective force in the history of the Department of the Navy.

Our response to this initiative is our "A Better You" program, which features healthier lifestyle products in various departments — such as activewear, sports nutrition and food items — which are called out through signing and way-finding.

Also, in response to the desire for healthier meal choices, our Services Department has developed and launched the "Fresh Food" program, which features convenient, healthy meals and snacks such as fresh fruit, salads and sandwiches in our main stores and Mini-Marts.

We're busily leveraging technology to provide our store operators with more tools to help them manage their business and respond to trends. Our Store Operations Business Intelligence (BI) team is developing reports using our new QuantiSense Business Intelligence Platform to provide store operators with robust analytics, metrics and key performance indicators (KPI).

Our Store Planning team is now using technology to reduce the time required to plan floor layouts. In addition, we have recently launched a project to provide a "best of breed" automated workforce management solution that will more nearly align our workforce to customer demand, improve operating efficiencies, drive sales and improve the overall customer experience.

E and C News: *What message would you like to communicate to the NEXCOM associates, headquarters and industry personnel you have worked with?*

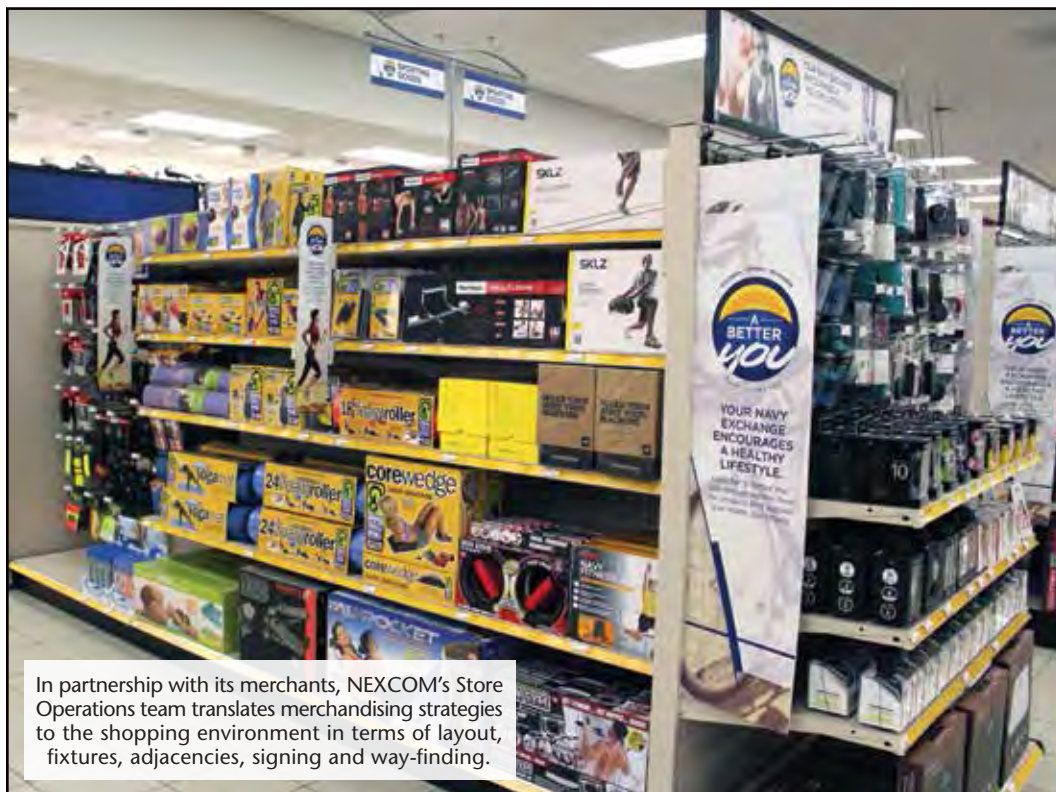
Dow: The message I most often communicate to our NEXCOM associates at headquarters, in the field and to our business partners is that what they do truly matters and is most appreciated. It's a privilege and an honor to serve the members of our Navy community, whether they are active duty, retired or family members, wherever they are on their Navy career journey.

At the end of the day, we can look back and say that not only do we work in an industry that we love, but we also do so in a way that honors the many contributions and sacrifices that are made by our Navy family to whom we are so deeply connected.

I would ask that they keep this in mind each time they put their fingers to their keyboard, negotiate a promotion, offload a truck, stock a shelf, ring a register or perform any service in our operation.

I would emphasize that ours is a formidable mission and one that we must accomplish collaboratively, with teamwork and trust in each other.

—E and C NEWS



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customer service.

Associates are observed on a predetermined basis by their supervisors and must pass increasing competency levels to obtain a Bronze Star, then Silver Star, and finally, Gold Star. Stars are awarded to each associate when earned, and are proudly displayed on their name tags to serve as a visual reminder of our service commitment to our customers.

This program contributes to the overall success of our customer service strategy, as our Net Promoter and Customer Service Index scores year after year rank among the highest in the retail industry.

E and C News: *What makes you proud to be part of NEXCOM? What does NEXCOM get right?*

Dow: My team and I are proud to work for NEXCOM because of the unique opportunity — one that exists nowhere in the retail private sector — to give back to our military members by improving their quality of life in a meaningful way.

We at NEXCOM understand that our business model is different from that of the typical retailer. It's particularly important that we listen and respond to our customers by providing a comfortable, consistent and value-added shopping experience that resonates across a wide spectrum of customer needs.