DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF

SUBJECT: Future of the Armed Services Exchange Systems

I have decided that a single optimized Armed Service exchange system would best serve the Department and exchange patrons. Such an action will require the development of a detailed plan of necessary actions and may require an amendment to existing law.

The Principal Deputy Under Secretary of Defense for Personnel and Readiness (PDUSD(P&R)) shall oversee the effort. Within thirty days, the PDUSD(P&R) shall report to me, through the USD(P&R), his recommended plan with regard to optimizing the exchange system. Upon determination of the optimum organizational structure, he shall also have staff oversight of the organization, planning and execution and may issue such instructions as may be necessary to provide for transition to the consolidated organization. The USD(P&R), in coordination with the Director, Administration and Management, the DoD General Counsel, and other cognizant officials shall oversee the actions necessary to implement this effort.

Organization of the exchange system shall be carried out in a manner that implements the principles of the President's Management Agenda and the defense transformation plan. Addressees are expected to provide support to the PDUSD(P&R) as he implements the guidance contained in this memorandum. The resulting optimized exchange system organization will protect the value of the benefit, continue to provide dividends to the Service MWR programs, and be transparent to the customer. The implementation process will seek best practices and be sensitive to geographic considerations. This effort will not include the Defense Commissary Agency.

Paul Wolfowitz