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Vancouver Barracks, the Exchange's birthplace as a one-room canteen.



PX in Wiesbaden, Germany, late 1940s



Al Taqaddum, Iraq, 2017



Our Rich History of Serving Those Who Serve

From Director/CEO Tom Shull



As the Exchange celebrate its 122nd anniversary, we are again reminded of our rich history of serving those

who serve, going wherever our Nation's Warfighters go.

This commitment sets the Exchange apart from all other retailers, cementing lifelong emotional connections forged with Soldiers, Airmen, their families, military retirees and, beginning Veterans Day 2017, all honorably discharged Veterans.

A little room

Today's \$8.3 billion, complex and diverse Army & Air Force Exchange Service actually grew out of a little room.

In 1880 at Vancouver Barracks, in what is now Washington state, Col. Henry Morrow, commander of

the 21st Infantry Regiment, opened a tiny canteen to keep his Soldiers on base and away from the nearby town's temptations.

In this combination social clubgeneral store, Soldiers could buy food, beverages, newspapers and magazines. They could also unwind by playing billiards, cards and other games, and purchase paper, pens, ink and stamps to write letters to their loved ones back home.

Canteens to post exchanges

Col. Morrow's idea proved successful, and canteens opened at military posts throughout the West. The War Department took notice, changing the names of the locations from "post canteens" to "post exchanges" to disassociate them from sometimes bawdy military canteens in Europe at the time.

On July 25, 1895, the department's General Orders No. 46 directed commanders to establish a post

exchange at every installation. From there, the post exchange system grew, looking after troops from <u>Guadalcanal</u> to <u>Greenland</u>, from <u>Alaska</u> to <u>Afghanistan</u>.

Going beyond the vision

Today, the Exchange includes multiple brick-and-mortar stores in 34 countries and all 50 states, a thriving internet business, a mall management operation and one of the largest private label credit portfolios.

Throughout the Exchange's storied history, our associates have gone far beyond Col. Morrow's vision, bravely following troops through world wars, the Cold War, Korean War and Vietnam War, as well as conflicts in Southwest Asia and the Middle East.

Closer to home, our mobile field exchanges (MFEs) have been common sights at relief efforts, including hurricanes, tornadoes,

Our Rich History of Serving Those Who Serve

Continued from page 1

earthquakes and other natural and man-made disasters. On 9/11, these MFEs served thousands of first responders at the Pentagon and World Trade Center.

Tip of the spear

In 2016, the Exchange served thousands of American troops engaged in military exercises in Poland, Ukraine, South Korea, Japan and other locations around the world.

This past January, we deployed MFEs and field barber shops to three locations in Poland to serve 3.500 troops bound for locations throughout Eastern Europe.

Impacting resiliency, readiness

Thank you for all you do to support service members and their families each and every day. There truly is no greater honor than

As long as we have associates like you working for our honorable organization, there is no doubt that we will continue to positively impact military resiliency and readiness for another 122 years and beyond!

serving those who serve. As long as we have associates like you working for our honorable organization, there is no doubt that we will continue to positively impact military resiliency and readiness for another 122 years and beyond! One team! One fight!

See where we've served the troops by checking out the searchable, downloadable Exchange history album on Flickr. The album, which already has more than 2,900 views, contains more than 540 pictures.



Exchange Director/CEO Tom Shull, center, right, receives his five-year service award from Deputy Director Mike Immler and Chief HR Officer Leigh Roop. After being presented the award, Shull took a group photo with Exchange senior leaders. Shull said he is "grateful to be at the Exchange and be on the team." He acknowledged the team's commitment to constant improvement and renewed strength of the Exchange benefit saving. "Thank you for getting us to this point. Each year seems to be getting better and better. I thank each of you for everything you've done to make it happen. We do this together." Shull is the longest-serving CEO, commander or director in the Exchange's history.

Let's Celebrate!



On July 25, we'll join valued customers to celebrate the Exchange's

anniversary. In fact, the month of July contains many milestones in Exchange history:



July 7, 1941 - The first PXs open Iceland for World War II. The Reykjavik PX introduced the first popcorn machine to the country.



July 28, 1992 - AAFES' Deferred Payment Program comes to CONUS. The program evolved into today's MILITARY STAR® card.



July 15, 1996 – AAFES debuts www.aafes.com. The site is today's ShopMyExchange.com.

Check out these other red-letter July events.

Daily Decisions: Choosing What Path To Take

In May, many of our teammates had the opportunity to hear

Melissa Stockwell present at the Express seminar in Orlando. A highly decorated Soldier who was

injured in Iraq on April 13, 2004, Melissa lost her left leg above her knee to a roadside bomb on the streets of Iraq.

After this life-changing injury, she had two choices—give up or get up. To honor her fellow service members who made the ultimate sacrifice, Melissa chose the latter.

A life of meaning, success

Thirteen years later, she has built a life full of meaning and success. Since her injury, Melissa has danced with a U.S. president, started a family and won a bronze medal in the triathlon at the Rio Paralympics.

Melissa is truly one of the most inspiring people I have ever met. Her adversity speaks to the challenges the best customers in the world must contend with and is a reminder of our responsibility to always treat them with respect and compassion.

Handling adversity

We can all learn from Melissa. While our challenges many times pale in comparison to hers, each of us has decisions to make every day about which direction we choose to proceed. Our response to obstacles is typically a statement about who we are and what we value.

I read <u>an article</u> recently that talked about ways great leaders handle adversity. The first technique **Read** "Three Ways Great Leaders Handle Adversity." The first technique is to ask, "I wonder, what will this teach me?"

the article highlights is to ask, "I wonder, what will this teach me?"

Instead of focusing on what can't be done, focus on what you can change. Something as simple as adjusting your mindset can significantly alter the course you may be heading.

Four questions to ask

We all have choices. Some are simple and others more difficult. When something happens, experts say to answer these questions:

- What is the outcome I want most?
- What other outcomes would be good as well?
- What stands in my way from making these outcomes happen?
- Whom do I know that has overcome similar obstacles that stand in my way?

Lessons along the path

No matter what path we take, each journey provides lessons along the way. I would like to think events that did not initially go how I expected or happened without warning eventually positively shaped my life.

We can all think of someone who overcame insurmountable odds with grace, poise and a positive spirit. It is these people whom I draw strength from when faced with difficulty.

Melissa is making the most of life despite circumstances beyond her control. In a time of chaos, she chose to take charge. It's a decision that has paid dividends ever since the day she lost a limb while serving our Nation.

I encourage you to reflect on those moments when hope seemed elusive and how you persevered to ultimately make things better than they were before.

Focusing on what is in our control

Our organization is full of strong and resilient people who regularly go above and beyond to succeed even when challenges arise.

The Exchange has faced immense challenges in recent years. Increasing competition and reduced troop strength are outside our collective sphere of influence.

Our team focused on what was within our control and took action to protect and preserve service members' hard-earned Exchange benefit. It is your hard work, dedication and optimistic approach that have allowed us to thrive as forces beyond our control have threatened our long-term viability.

We have risen to the challenge and today are stronger than ever. There will be more challenges ahead, but I am confident in your ability to face them head on for the benefit of those we are honored to serve.

Melissa Stockwell's story is one of triumph in the face of adversity. Like Melissa, your commitment to constant improvement is a source of inspiration and further proof nothing is impossible when we work together to find solutions to ensure success. X

3

Veterans Online Shopping Benefit Social Media Communications



"Our Social Media team is sharing posts and videos on our official Facebook page to welcome Veterans back to their military family and invite them to log on to VetVerify.org. Please 'like' and 'share' these posts with your friends and family to help maximize exposure of the new benefit."

-Tom Shull, Exchange director/CEO

You can easily "like" and "share" the Veterans online shopping benefit and VetVerify.org information with friends and family through your social media channels.

Use this <u>link</u> to find videos and images Exchange social media are currently sharing about the Veterans online shopping benefit and VetVerify.org.

Check out the Veterans expos and other outreach organizations Fort Sill services business managers LaFaye Miller and Maria Stith are sharing the news with:

- Recruit Military Veterans Expo
- Wichita Falls Veterans Affairs Administration
- Fort Sill Military Veterans Office
- Fort Sill Transition Assistance Office
- Lawton/Fort Sill Veterans Center
- Disabled American Veterans (DAV)
- Fort Sill Veterans Hospital/Clinic

Email ideas on how you're communicating the Veterans online shopping benefit to exchangepost@aafes.com. X



Click to view this VetVerify.org video.



Fort Sill managers reach out to Veterans at local events.

Veterans online shopping benefit updates will be included in the Exchange Post and posted on associate billboards each month. Look for more information at Exchange Virtual Toolbox and shopmyexchange.com/veterans.

VetVerify.org Opens for Veterans

<u>VetVerify.org</u>, is a single point of entry to verify eligibility for Veterans to shop all exchanges' online stores, and it opened more than two months ago. This shared services verification site for military exchanges uses information from official government records to verify shopping eligibility.

Since its official opening June 5, 80,000 Veterans visited VetVerify. org to check their eligibility to shop beginning Nov. 11.

Seeking beta testers

Veteran Soldiers, Sailors, Airmen, Marines and Coast Guard members who register early and are verified, may be selected as beta testers to shop early prior to the official launch on Veterans Day 2017.

"At the Army & Air Force Exchange Service, we are honored to again serve all honorably discharged Veterans for life," said Director/CEO Tom Shull. "Four years ago, the exchanges began working to recognize the service of millions of Veterans without exchange privileges while generating additional funding for critical budget-constrained military Quality-of-Life programs. We are proud to stand with our sister exchanges as we welcome our Veterans home to their military family and protect and preserve hard-earned military benefits."

"We are proud to stand with our sister exchanges as we welcome our Veterans home to their military family and protect and preserve hardearned military benefits."

- Director/CEO Tom Shull



The Exchange's ad in Military Times for the Veterans online shopping benefit.

The exchanges currently provide more than \$300 million in support to military Quality-of-Life programs annually.

Welcoming shipmates

The Navy Exchange Service Command (NEXCOM) is preparing its website to deliver an exceptional customer experience to Sailors.

"We are excited to be welcoming our shipmates back to the NEX," said Retired Rear Adm. Robert J.

Bianchi, NEXCOM'S chief executive officer. "Inviting Veterans to shop online is just another way for us to honor them for their patriotism and service to our country."

Coast Guard Exchange leaders are excited to salute the service of all Veteran Coast Guard members.

"The Coast Guard Exchange is delighted to join our partners in extending the online shopping benefit," said Capt. Robert Whitehouse, commanding officer of the Coast Guard Community Services Command. "We pride ourselves in serving those who protect and defend the Homeland and are excited to be part of this effort."

Keeping communities connected

Marine Corps Exchange leaders said there may be no better example of the strong identification former service members share with a specific service branch than Marines.

"I proudly support the online shopping initiative and can think of no better day to launch it than on Veterans Day," said Cindy Whitman Lacy, Marine Corps Exchange director of business and support services. "It's an honor to now provide this service and benefit to our well-deserving Veterans. Once a Marine, always a Marine.

"This initiative is one of many to keep our community connected." X

Read the story on how the pictured Veteran became one of the ambassador for Veteran's online shopping benefit on page 6.

How We Called in the Cavalry

By Johnny Olson

When I first saw his image in our social media designer Stephanie Rivas' video, I felt an immediate connection to CW3 Ron Killingworth.

Being a Veteran, I'd seen his face before at VFWs, Veterans Day parades and in our stores. I asked Stephanie where she found the image that told of countless stories. She pointed me to the Defense Video Imagery Distribution System (DVIDS). From there, the team created a "Welcome Home" ad for Military Times, letting our Nation's Veterans know about the new online shopping benefit.

I showed the proposed ad to a few fellow Veterans at HQ and the common sentiment was, "That's one tough looking Vet!" All agreed that his image would resonate with our returning Veterans.

We agreed that Killingworth's likeness would be used on ShopMyExchange.com to point Veterans in the right direction to get verified to start shopping on Veterans Day.

Chief Killingworth saw his image on our website and wanted



Sandi Lute, chief of corporate communication and public affairs, presents a replica of the Exchange advertisement to Chief Ron Killingworth.



<u>Click</u> to view Ron Killingworth's interview.

to talk to the Exchange. Corporate Communication Chief Sandi Lute and I were given his number, and moments later we were speaking to the man himself.

I was picturing a gravelly
John Wayne-esque voice to come
booming through the phone line, but
was instead was greeted by a slow,
Louisiana gentleman's drawl. He
was proud that we used his image,
but wanted more information on
how, where and when the photo was
taken and why we chose to use it.

The chief was excited about the upcoming Veteran online shopping benefit and would share the good news with his fellow 1st Cavalry Veterans at their annual reunion



Two Veterans—Killingworth and Johnny Olson, corporate communications manager—share stories about their experiences.

in Fort Hood later in the week. He wanted us to share the news about Veterans online shopping benefit, so we quickly made the trek 150 miles to Fort Hood in Killeen, Texas, for the reunion.

We produced a poster of the ad that ran the week prior, along with a plaque displaying Director/CEO Tom Shull's coin and a personal note from him. We headed down to Fort Hood to meet the chief face to face.

At Fort Hood, Mr. Killingworth greeted us quite warmly. His presence in person was just as impressive as it was in the photo taken at a Veterans Day parade a few years back. He stood at least 6-foot-3 and wore the exact Cavalry hat as in the photo we used.

Killingworth introduced us to his fellow 1st Cav Warriors, proudly displaying his Exchange mementos under his arm. His friend called out, "Hey Chief, you're a celebrity!" The humble smile on his face couldn't hide that he was proud.

The smiles on our faces showed how much we honored this hero who'd been there and done that, all in the name of serving. X



Sandi Lute talks to Killingworth's 1st Calvary Warriors about the Veterans online shopping benefit.

Exchange Brings Modern Telecom to Humphreys

When 30,000 U.S. troops and their families move to South Korea's Camp Humphreys in the next few years, more than 50+ channels of U.S. television programming will keep them in touch with America.

While the installation takes shape as a major military hub for U.S. forces in Korea, the Exchange and telecom provider LGU+ are providing state-of-the-art internet and cellular/mobile services with eyes on future expansion.

The Exchange serves more than 20,000 customers throughout Korea, including those already at Camp Humphreys, generating \$20 million a year in sales.

A new fiber optics network provides customers with highspeed internet up to 100MB, better installation-wide cellular service, 50+ channels of U.S. TV programming and telephone service with unlimited toll-free calling to the U.S.

The Pacific Region's first Exchange Mobile Center will debut in the new Camp Humphreys Exchange, which is expected to open later this year. As one of 104 Exchange Mobile Centers, the Humphreys location will feature the latest smartphones and service plans.

A new \$26 million Tele-Video Center will increase reliability and pave the way for digital features still to come. The center will control service to seven installations throughout Korea. X

War Hero Moves to Camp Humphreys



LTG Walton Walker's wrapped statue is removed from its base at Yongsan, South Korea.



Walker's statue arrives at its new home at South Korea's Camp Humphreys.

A 10-foot-tall bronze statue of LTG_Walton Walker, the first Eighth Army commanding general during the Korean War, was placed at U.S. Army Garrison Yongsan in South Korea in June 2010 to mark the 60th anniversary of the war's end. With the Eighth Army moving south to Camp Humphreys, the statue is moving with the troops.

Walker's statue will be unveiled at Camp Humphreys in July. In a nod to the hero, who died in a 1950 car accident and was posthumously promoted to general, the statue's placement will keep him facing to the north. The Exchange HQ building is located on Walton Walker Boulevard, in Dallas. Read more about Walker, who was a Texas native. X

Rodeos Serve Top Bomber Mission

RAF FAIRFORD, U.K. -

Associates went to the tip of the spear in June with three "rodeos" for Airmen during the historic positioning of the U.S. bombers at this installation.

During the month, 600 Airmen registered more than 1,250 transactions and generated roughly \$30,000 in sales.

"It's a team effort, something the Exchange's U.K. team does very well," UK Consolidated General Manager Ed Hicks said.

This mark the first time the United States has placed a full complement of strategic bombers in Europe to support military missions.

"I can tell you what a morale booster it is to have AAFES here," said 322nd Air Expeditionary Group Commander Col. Jared Kennish.

Also in June, the Exchange opened an MFE at Camp Manion, Iraq, to serve troops.

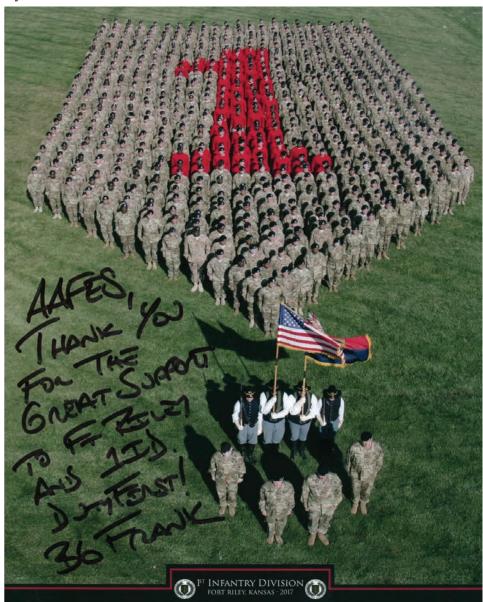
"I love this place, man," said a lieutenant colonel. "It's like a little slice of home. It's just heavenly." X



GM Ed Hicks meets Group Commander Col. Jared Kennish.

Exchange Merits Praise From Command

By Lisa Moak



The photo is the 2017 formation of the 1st ID (Big Red 1) returning to Fort Riley after deployment.

Fort Riley Exchange has the ear and admiration of its base commander, BG Patrick Frank. General Manager Robin Ayling is proactive when informing command how the Exchange supports the community, including dividends that go to Quality-of-Life programs.

"BG Frank is a great motivator and leader. He believes in giving kudos to those who deserve it, which helps lift everyone's self-worth and willingness to go the extra mile, civilians and military alike," Ayling said. X

 $\frac{\text{Watch}}{\text{Watch}}$ the Fort Riley team support the division's birthday run by opening the Normandy Express at 0500 and cheering on the runners.

SHARE YOUR STORY

Associates Share Their Stories of What Family Serving Family Means to Them

Exchange Military Spouse Supports Airman Wife

By Cormeshia Carson

Kristopher Cubacub, services business manager at Offutt AFB, Neb., doesn't just serve the military community—he's part of the military community.

A lifelong military family member, Cubacub's father and grandfather respectively served in the Army and Navy. His wife, Air Force SSGT Lauren Morales, is deployed to Qatar.

"I've been accustomed to this lifestyle since birth," he said.

An important place

The Exchange has been an important place in Cubacub's life since childhood, providing a lifeline to America when his family moved to Germany's Ramstein AB.

"The PX is where it was at every weekend," he said. "The impact the Exchange had on my life, being 12 years old and living in a totally different country, was huge. I spent the majority of my time at the teen center and the PX, specifically the food court. It was definitely family serving family out there."

Cubacub met Morales at Ramstein American High School in 2008, their senior year. The pair were married in 2012.

Morales is a "fast burner," Cubacub said, adding that she will be pinned a tech sergeant this month. She was one of 35 people worldwide selected for the Air Force nursing program. "It is a great feeling knowing that I can give something back and help, because I know what it's like. I know what is to be given on one side, and what is to be expected on the other side."

"My goal is to support her, so we can look at one another and say, 'You're the one who helped me get where I'm at,'" Cubacub said.

Cubacub began working for the Exchange in 2013 as a intermediate electronics associate at Scott AFB, Ill. He was promoted to temporary electronics supervisor.

Not just a slogan

Four months later, Morales transferred to Offutt. There, Cubacub served as PowerZone supervisor, customer service supervisor and hardlines manager prior to his current position.

"The Exchange has taken care of me," he said. "They've given me an opportunity to grow and have a career when I'm in a position where I'm not really supposed to have one. The Exchange has afforded me a lifestyle were I can move one place to the next, maintain employment, and maybe have the opportunity to have a similar position due to my past experience."

For Cubacub, family serving family isn't just a slogan—it's at

the core of what the Exchange does every day.

"When your wife or husband is in the military and you work for the Exchange—that's what family serving family means," he said. "I am the one who has to take my wife to the airport, sad that she's going to be gone.

'Great feeling'

"I'm the one who is here making sure that the troops are being taken care of, whether they're in the same situation or not. It is a great feeling knowing that I can give something back and help, because I know what it's like.

"I know what is to be given on one side, and what is to be expected on the other side."

For his stellar job performance, Kris Cubacub received a coin from Director/CEO Tom Shull.



Kris Cubacub presents his wife, Lauren Morales, with flowers after she received a meteorology degree.

Understanding Exchange Strategic Priorities: Fiscal Focus and Maximizing Return on Invested Capital

By Steve Smith

A continued fiscal focus and maximization of invested capital have been strategic priorities for the Exchange for the past few years and will continue to be so into 2017.

What do these strategies mean to typical Exchange associates working as cashiers in the stores, as warehouse foreman or as buyers at headquarters? Simply put, these associates, and all associates, accomplish these strategies in their everyday work without even thinking about it.

When associates increase efficiencies in their daily work, when they minimize waste or raise the bar on the customer experience, they are fulfilling the strategic goals of continuing fiscal focus and maximizing invested capital.

"Every dollar an associate saves and every dollar an associate earns for the Exchange is a dollar that goes back to the military community for Quality-of-Life programs or as investments in our facilities," said Jim Jordan, the Exchange's chief financial officer. "Every day fiscal focus and an enthusiastic dedication to company returns not only provide an unparalleled customer experience, but also will be reflected in increased earnings and, ultimately, more investment into the military community.

"What seems miniscule or trivial, such as making sure you are not using too many rubber bands or paying attention to the amount of tape you use while taping up boxes, all of those things add-up to make the Exchange stronger and provide



more dividends."

In 2017, managers will continue keeping a close eye on expenses, effectively applying resources to personnel costs, TDY trips, and PCS moves. Additionally, management will work projects that provide the greatest benefit to the Exchange, like expanding the MILITARY STAR program across an installation and emphasizing new technologies to enhance the shopping experience through the updated POS system and increased customer relationship management.

Field and headquarter associates can further help the Exchange meet fiscal priorities by submitting their cost-cutting proposals to the Idea program, which can make the Exchange's major initiatives better and offer expense reduction or sales initiatives, which, though locally small, could have a major impact across the entire organization.

"In this retail environment, all retailers are taking close looks at their expenses and unique sales initiative as retailing across the board is struggling," said Ken Jacquin, vice president of financial

analysis and budget. "To accentuate what we at the Exchange have to go through, we have troop drawdowns, which mean fewer customers, while also being hit by the same struggles as every other retailer."

"We must spend wisely and market smartly. We can't waste any kind of resources because our mission is to create earnings that will go back into the military communities to benefit the troops and their families."

One place where the Exchange is aiming to cut costs is in the supply chain, and that's where inventory productivity comes into the picture.

To continue to make the entire supply chain more efficient and ensure the left hand knows what the right hand is doing, a new Logistics Directorate team dedicated to doing just that was created this past May. This is the first time within anybody's recent memory that a team has the singular focus of supply chain optimization.

The genesis of the team started late last year when President and Chief Merchandising Officer Ana Middleton and Chief Logistics Officer

Don't Get Smoked: Know Tobacco Policy Changes

When customers ask about our prices of tobacco products, here are important talking points to help you answer them accurately.

As parts of the Department of Defense, military exchanges must comply with DoD guidance regarding the sale and pricing of tobacco.

Beginning in March, a change in DoD policy began requiring tobacco prices in all exchange stores to match the most prevalent prices in the local markets, including local and state sales taxes.

Exchange customers may not understand how pricing and even what we sell depends on DoD guidance. These talking points will help associates communicate the policy change to those they serve:

Q: Why are tobacco prices being increased?

A: Based on Executive Order
13544, which focuses on the health, productivity and readiness of the military force and harmful effects of tobacco use, a Secretary of Defense memo called for actions to assist in preventing initiation of tobacco use, helping those who want to quit succeed, and decreasing exposure to second-hand smoke.

Q: What is "prevailing local price?"

A: It is the shelf price at which an item is most frequently sold in each market based on unit volume.

Q: How is "prevailing price" in the market determined?

A: An independent, third-party research organization will collect prices from grocery, convenience, liquor, gas, drug and discount stores Prices for all tobacco products, even e-cigarettes, in all Exchange stores must match the most prevalent prices in the local markets.

in each market and determine the most common price for each tobacco product. The survey will be conducted four times a year, and prices will be updated accordingly.

Where use of a commercial thirdparty vendor is not available in a particular market or where funding for commercial third-party data is determined as not available, tobacco pricing surveys will use the lowest price as a proxy for prevailing price.

Q: What tobacco products are included?

A: All tobacco products, including cigarettes, cigars, smokeless and e-cigarettes.

Q: If I find a lower price at another store, will the military exchange match it?

A: No, tobacco items are excluded from price matching.

Q: Are OCONUS prices affected?

A: Yes. Outside the United States, prices will be set within the range of prevailing prices for the same product at military exchanges in the U.S. X

For more information, <u>read</u> the Armed Services Exchange Regulations DoD Instruction 1330.21.

Servant Leadership





Top, Jami Richardson, in apron, senior vice president of the Exchange Credit Program, passes out root-beer floats to associates in the Customer Call Center to say thanks for helping customers with their MILITARY STAR $_{\circledR}$ accounts. Ken Jacquin, right, vice president of financial analysis and budgeting, presents a tray of cookies to Customer Relations Manager Johnny Brown.



Powidz, Poland - The Europe Region team made deployed soldiers in Poland happy when they set up a mobile field exchange (MFE) to support them, the first the soldiers had seen in six months. Associates Richard Fischer and JP Soileau from UK Consolidated worked the MFE while Sales Area Manager Steve Murankas, Laborer George Arguello, and a GEDC Driver helped with the initial set up.

Customer Service: These Associates Rock!

Nicolas Jola Eastern Region/ Patrick AFB, Fla.



Takesha Dean Central Region/ Fort Rucker, Ala.



Patricia Valentinsantos Western Region/ Fort Bliss, Texas



"Nick in the PowerZone is a firstclass associate who went the extra mile to help me find the right TV."

Mike Copeland and Jeremy Dumas Europe Region/ Wiesbaden



"It's amazing to see such an excellent associate pitching in to help others when they see help is needed."

Myong Hea Lee Pacific Region/ Osan AB, Korea



"I genuinely appreciate her dedicated customer service. She understands the military customer."

LaRonda Brown HQ Customer Contact Center



"I've always been happy with the food court under Mike's management. Jeremy is always chipper and interacts with all customers." "I would like to thank her for her hard work and dedication" at getting a watch the customer wanted.

A customer said she did a great job explaining everything to her in a very patient way.

See their entire customer comments!



Check out who won Thanks Awards and celebrated anniversaries!



CHIEF OPERATING OFFICER

COO DAVE NELSON

Recognizing the Front Lines: Calling Out Top Associates

"We all can learn a thing or two about how to create a positive engagement by following your examples."

- Dave Nelson, chief operating officer

EASTERN REGIONCarmen Bigas

Patrick AFB Firearms

Ruby Brown Robins AFB

Popeyes

Bryant ColemanFort Stewart

Vending

CENTRAL REGION

April GlickmanFort McClellan
Military Clothing Store

Katherine McCollough NAS Fort Worth JRB

Carol Potts Scott AFB

Subway

WESTERN REGION

Sandra Bulloch Kirtland AFB main store

Raquel Ruvalcaba Travis AFB

Kevin Robinson Eielson AFB

Read about them!

Subway

Services

PACIFIC REGION

Su-Kyong Yun Osan AB main store

Chong-hui Yi Camp Carroll Subway

Mi-sup AnCamp Bonifas
Barber shop

EUROPE REGION

Cole Whaley Hainerberg Shopping Center

Rosi Halbauer Grafenwoehr Charley's

Elisabeth Salzwedel Grafenwoehr Starbucks

<u>Reaa</u> about then

4 Ways You Can Help Thwart Cyber Thieves

In today's technology-focused society, we're connected in wondrous ways, but cyber culprits would love to get inside our systems.

Customers trust that the Exchange will protect their personal and financial information. However, one wrong, seemingly innocent click can open a trail for hackers to find their way directly to that information for their own criminal use.

Associates at all levels of the Exchange have tremendous responsibility to protect this personal and financial information. Here are four ways to do just that:

• **Surf responsibly.** Visit only valid business partners and







A wrong click can open a trail for hackers to find their way directly into the Exchange's information systems.

companies. Go directly to those sites rather than clicking an advertisement.

• **Be wary.** Stop and think before you click on a link. Is this a phish? Is it an urgent request, asking you to click a link or open an attachment?

• **Report.** Remember to use the "Report Spam" button in Outlook

to report suspicious emails to the IT security team.



• Think twice. Before entering your login credentials or personal information, think why you're doing it. Say "No" unless you've verified the site is legit. X

Shoes for Crews Comes to Dan Daniel DC

Shoes for Crews offers affordable slip-resistant shoes with the added benefits of comfort and durability.

The Exchange-sponsored program offers:

• Easy ordering through facility managers.

- Payroll deduction for up to three pay periods.
- Shoes shipped directly to facilities.

CONUS retail and food-service associates have participated in

Shoes for Crews for years. In May, the Dan Daniel Distribution Center in Virginia launched the program. Shoes for Crews provided more than 80 styles and colors for associates from which to choose.

More than 225 associates placed orders for at least 250 pairs of shoes.

They could buy shoes through payroll deduction with the added limited-time only bonus of receiving free shipping on orders placed in May.

"It was a great event benefiting associates and the Exchange by providing shoes that reduce slips, trips and falls as well as lower extremity injuries and fatigue," said George Shaffer, the Exchange's Loss Prevention health and safety manager. X



Dan Daniel DC managers pose behind tables of colorful Shoes for Crews footwear that helps prevent injuries from slips, trips and falls.

What is Abuse at the Exchange?

By LTC Vernon Jakoby

This is the final article in a series on fraud, waste and abuse.

Abuse is behavior that harms an employee emotionally, physically or is improper compared to behavior that is reasonable or necessary within the circumstances.

Abuse covers many situations and often overlaps with HR or EEO policies. Since Exchange associate are government employees, abuse also includes misuse of authority or position for personal financial gain or to benefit family, friends or business associates. Cases in point:

- · Don't ask for friends and relatives to be hired over more qualified persons.
- Don't endorse a product or service using your official title.
- Don't grant a contract to your friends or cronies.

Isolating, excluding, withholding

Abuse includes aggressive, insulting, intimidating, humiliating, offensive, degrading, coercing, bullying or hostile behaviors.

Other examples include isolating someone at work, withholding information, calling in sick for a fun day, taking credit for somebody's work, recommending inferior products to make sales or reach goals, repeatedly arriving late to work, directing or implying that an employee work beyond hours paid, or setting impossible goals for associates.

Abuses can be perpetrated by anyone, not just supervisors, and can occur in writing, on phone calls, in emails and through social media.

"Persistent abuse creates a toxic culture with high levels of stress and a real fear of reprisal."

At times, without intention, abuse occurs by a person's perceptions.

For example, is it abusive to ask a co-worker when he or she is retiring? You might think that's an innocent question, but the person may perceive a threat.

What you may consider to be normal conversation with other coworkers is considered gossip by the subject of the conversation—and gossip spreads easily and affects an individual negatively.

Creating a toxic culture

Persistent abuse creates a toxic culture with high stress, real fear of reprisal, low morale, increased absences and higher turnover.

Knowing what constitutes abuse is vital so you can take action to stop it. Knowing when you are committing an abusive act and changing your behavior are also keys to stopping abusive patterns of behavior.

The opposite of a toxic culture is a "speak-up" culture, where associates are empowered to say something without fear of reprisal when they know that something is wrong.

Taking action to report instances of abuse is the right thing.

Contact the Exchange Office of the Inspector General, call 800-527-6789 or send an email to Hotline@ aafes.com. X

LTC Vernon Jakoby is the Exchange's chief of inspections in the IG's office

Loss Prevention's Caught . . . **Doing the Right Thing**

Core Value: The Courage to **Use Good Judgment**



Landstuhl, Germany - Nick Persijn of the Express at the Landstuhl Regional Medical Center does the right thing by conducting the monthly fire extinguisher inspection and documenting it on the attached card.



Fort Bragg, N.C. - Pines Express Associate Melissa Mickens identified a counterfeit \$10 bill using a black-light detector for counterfeit bills. A recent spike in counterfeit bills at Fort Bragg raised Mickens awareness to be on the lookout for phony money.

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Try This Great Idea for Your Pay Raise and Bonus

Why not put your bonus and pay raise this year into your 401(k) plan?

Many people forget about or ignore retirement planning when they get a salary increase, raise or taxable bonus—and this oversight can cost tens or hundreds of thousands of dollars down the road.

You've already decided how much of your paycheck you're going to put into your 401(k) plan each pay period. The plan also features an automatic increase program in which you decide how much money you want to save each month and on what day.

Let's say you're expecting a 2 percent raise each year and you



want to put all of it into your 401(k). You can set the automatic program to increase your current savings rate by 2 percent each year at the time of that raise.

Reaching savings goals

Automatic increases make reaching your savings goal much easier by helping boost your savings slowly. You gain time to plan for the changes in your income and adjust your lifestyle gradually because you're not going to have that money to spend.

Automatic increases give you one less thing to think about and removes the possibility that you simply won't get around to it.

The increases aren't locked in forever. You can opt out of an automatic increase m at any time, but very few people do.

If you would like to set up this feature, log in to 401k.com. On the menu, go to the Home area and then View Summary.

On the Contributions tab, click on Annual Increase program. X

Attention: Check Your FSA Accounts

This is a friendly reminder to check your balance at PayFlex. com or on the PayFlex mobile app. Remember the rules:

- Spend all funds by Dec. 31 or lose them. The exception is the Healthcare FSA, where up to \$500 will roll to the next year.
- All 2017 reimbursement claims must reach PayFlex by Feb. 15, 2018. Using the Healthcare FSA debit card is automatically submitting claims.

Remember the benefits: you're reducing your payroll taxes by about \$20 for every \$100 you put into your FSA.

For the Healthcare FSA, you've had access to your full-year amount on the debit card since Jan. 1, interest- and tax-free! X

Regular Part-Time Associates are Eligible for Basic Life Insurance

The Exchange offers life insurance for all regular part-time associates.

You don't want to leave your family in dire financial straits. The cash replaces your income and can help your family meet many important financial needs, such as funeral costs, daily living expenses and college funding.

You get to pick the person—your beneficiary—who would receive benefits.

The life insurance plan features:

- Four coverage levels: \$10,000, \$20,000, \$30,000 and \$40,000.
- Basic Life benefit: pays coverage amount to the beneficiary upon your death.
- Accidental Death & Dismemberment (AD&D) benefit: pays coverage amount to your beneficiary if your death is accidental. It also pays you a

portion of the coverage amount if you lose a hand, foot or eye due to an accident.

Premiums are based on age and are available on eBenefits.

You may enroll at any time. Your first opportunity to enroll was within 31 days of becoming a regular part-time associate. If you didn't enroll then, you can still sign up, but you'll be asked to provide proof of good health before coverage can begin.

You can update your beneficiary for the basic life insurance plan or other Exchange plans at any time.

To learn more, enroll, increase coverage or update beneficiaries, go to the Exchange portal, click on Employee Self Service, put in your Y number and password, and click on eBenefits on the next screen. X

TRANSFERS

Michelle Blankenship - HR manager III, Hanscom AFB, to HR manager III, IB McGuire-Dix

Iohn Castaneda - HR trainee. Lackland AFB, to HR manager II, Offutt AFB

Lani Chandler – region services program specialist, Western Region, to services business manager, Ramstein AB/Baumholder

Paula Cline – general accounting operations manager, HO, to general account operations manager, Europe.

Michael Deerhake - vice president, food and fuel, HQ, to vice president, food and fuel, Wright-Patterson AFB

Victor Kanardy - food court manager, Fort Polk, to food court manager, Fort Hood

Boris Nasci - operations manager, Grafenwoehr, to store manager (MS), Aviano AB

Robert Rice - regional VP, Western Region, to regional VP, Hawaii Area

Amanda Schulze – store manager (MS), Aviano AB, to store manager, (MS), Andersen AFB

Avub Spencer – sales & merchandise manager, Misawa AB, to sales & merchandise manager, Fort Riley

IN MEMORY

Geneva Almonte, 79, died Dec. 13 in Lawton, Okla, The Kirtland AFB food court manager retired in 2006.

Lucille Arcand, 97, died Sept. 30 in North Attleboro, Mass. The Dobbins AFB shift assistant retired in 1981.

Essie Bazzani, 88, died April 8 in Roswell, N.M. The HQ associate retired in 1988.

Mary Brenner, 94, died March 22 in Jacksonville, Ark, The Little Rock AFB associate retired in 1973.

Tyrone Cannon, 68, died April 8 in Tampa, Fla. The MacDill AFB warehouse worker retired in 2009.

Juanita Carbonaro, 90, died March 19 in Klamath Falls, Ore. The Travis AFB detective retired in 1987.

Angelita Casanova, 84, died March 27 in San Antonio, Texas. The Fort Sam Houston warehouse worker retired in

Patsy Chapman, 74, died March 11 in Pueblo, Colo. The West Coast DC computer technician retired in 2003.

Kathleen Daley, 86, died Feb. 20 in Orrington, Maine. The Hanscom AFB operations assistant retired in 1995.

Carrie Dixon, 81, died April 5 in Forest Park, Ga. The HQ supply assistant retired in 1996.

Le Thi Donawho, 66, died April 30 in Haslet, Texas. The HO office associate retired in 1996.

Melvin Ephraim, 68, died Feb. 20 in Waco, Texas. The Waco DC operations & safety associate retired in 2010.

Doris Finn, 85, died April 21 in Canon City, Colo. The U.S. Air Force Academy Military Clothing manager retired in 1987.

Iulia Gray, 79, died March 3 in Lawrenceville, Ga. The HQ supervisory distribution technician retired in 1994.

Edward Lewis, 57, died April 29 in Decatur, Ga. The Southeast DC warehouse operations supervisor retired in 2013.

Joseph Mitchell, 88, died March 23 in Alexandria, Va. The Fort Belvoir warehouse foreman retired in 1996.

Thomas Moore, 89, died April 21 in Houston, Texas. The Exchange associate retired in 1975.

Virginia Nobida, 94, died April 8 in Seaside, Calif. The Presidio of Monterey accounting technician retired in 1983.

Harry Org, 78, died April 12 in Bowling Green, Ky. The Japan DC manager retired in 1992.

Thomas Ota, 88, died March 14 in Tokyo, Japan. The Pacific Region buyer retired in 1995.

Karol Page, 70, died April 28 in Clarksville, Tenn. The Fort Campbell warehouse worker retired in 2006.

Sandra Parker, 73, died April 6 in Radcliff, Ky. The Fort Knox warehouse worker retired in 2005.

Fusako Petrus, 86, died April 26 in North Highlands, Calif. The McClellan AFB cashier/checker retired in 1990.

Margaret Pollack, 90, died Feb.1 in Bad Kissingen, Germany. The Schweinfurt HR specialist retired in 1991.

Norberto Santos, 74, died March 31 in Lincoln, Calif. The Fort Sill services business manager retired in 1992.

Ida Sawyer, 87, died March 13 in Linz, Austria. The Europe Region associate retired in 1991.

Mary Schoolfield, 80, died April 20 in North Las Vegas, Nev. The Nellis AFB food activity manager retired in 1993.

Betty Smith, 75, died Dec. 10 in Dry Branch, W. Va. The Seymour-Johnson AFB associate retired in 1995.

Samuel Smith, 79, died April 30 in Conway, S.C. The Exchange cook retired in 1985.

Wilfred Sobey, 94, died March 17 in Belews Creek, N.C. The Exchange associate retired in 1983.

Larry Strain, 70, died May 4 in Okinawa, Japan. He was a food service worker with the Okinawa Exchange.

George Stroup, 79, died April 6 in Dunreith, Ind. The Exchange operation support center safety specialist retired in 1994.

George Sueoka, 92, died March 15 in Tacoma, Wash. The JB Lewis-McChord associate retired in 1974.

Danny Sweatt, 67, died April 24 in Rivers, Tenn. The Giessen DC warehouse worker retired in 2003.

Len Thomas, 77, died Feb. 24 in Ellenwood, Ga. The HQ assistant buyer retired in 1993.

Willie Thornton, 67, died March 8 in Anniston, Ala. The Fort McClellan auto worker retired in 1997.

Frances Vowels, 93, died March 29 in Elizabethtown, Ky. The Fort Knox warehouse worker retired in 1984.

Patricia Wilde, 65, died Jan. 3 in Sacramento, Calif. The McClellan AFB services business manager retired in 2003.

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Rosa Willis, 74, died April 17 in Clinton, Md. The JB Andrews store assistant retired in 2016.

Hilde Wright, 90, died April 9 in Huntsville, Ala. The Redstone Arsenal associate retired in 1978.

Ortrud Yopp, 77, died April 24 in Vine Grove, Ky. The Fort Knox supervisory store assistant retired in 2004.

Evelyn Young, 83, died Feb. 12 in Cooper, Texas. The Edwards AFB associate retired in 1977.

Kathryn Zeh, 80, died April 20 in Las Vegas, Nev. The Nellis AFB office associate retired in 2006.

Georgia Zeman, 82, died April 25 in Cheyenne, Wyo. The F.E. Warren AFB warehouse foreman retired in 1986.

XThe Exchange Post.com

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RETIREMENTS

Robert Clark, West Coast DC, 15 years

Irrie Clayton, Fort Belvoir, 23 years

Olivia Corpuz, Luke AFB, 17 years

Elaine Marie Cruz, Andersen AFB, 15 years

Joanna Montgomery, Fort Benning, 18 years

Kim Sanders, Ramstein AB/Baumholder, 18 years

Donna Stillman, Waco DC, 5 years

Photos From the Field on Flickr







Welcome to the Exchange Family

Pictured are a few of the new concessions or services the Exchange has brought to the family.



A Soldier is enjoying the drive-thru service at Starbucks, Fort Hood, Texas.



An associate makes pretzels at the Auntie Anne's at Osan AB, Korea.



A new Green Beans Coffee opened for troops at Al Asad, Iraq.

Get to Know the Mission and Unique Customers at Eglin AFG



Named in honor of Lt Col Frederick I. Eglin, who was killed in a crash of his Northrop A-17 pursuit aircraft on a flight from Langley to Maxwell Field, Ala.



Eglin is responsible for developing, testing and acquiring all bombs and missiles carried by Air Force aircraft. The weapons are tested at Eglin's ranges to ensure they safely separate from the aircraft and hit the target.



The 33d Fighter Wing is the first unit for training new F-35 pilots and aircraft mechanics for the Air Force, Navy, Marines and eight coalition partner nations.



Eglin AFB's Camp Rudder is home of the 6th Ranger Training Battalion, the final phase of Army Ranger training.

Major Units:



Air Armamenter Center



33d Fighter Wing



96th Test Wing



53d Fighter Wing

FAMILY>SERVING (FAMILY

To serve Eglin AFB we have:



Main Exchange Expresses



Restaurants



Mini Mall

There are **319 Exchange associates, 72 percent** of whom are spouses and family members.

Sharing the Exchange Story Through Social Media

By Lisa Moak

The Exchange senior leadership team is extremely engaged and following local pages.

Exchange facilities are 100 percent all in with their own official Facebook pages. Now, every Exchange has incredible opportunities to engage with their local customers with information that pertains directly to them. Facebook pages and followers continue to grow as customers are learning to look at local social media pages to provide direct answers and awareness.

Each administrator's job for local Exchange Facebook pages is important and should be managed by an associate who is familiar with social media and enjoys the effort. This critical task can make or break the customer experience.

It is essential to share both corporate posts and local posts on exciting news and events.

The Exchange facilities below have been recognized for their

Facebook reach, likes, check-ins, weekly growth, engagement and reactions. These facilities do the hard work to communicate with customers on all channels.

Social media analysts Leah Mathews and Lori Gillespy can help you get the most out of your local Facebook experience. You can reach them at socialmedia@aafes.com. X

Find all Exchange social media channels and links here.

| How does your Exchange social media stack up? | Reach | Likes | Check-ins | Weekly Growth | Engagement | Reactions |
|--|-----------------------------|-------------------|--------------|---------------------|-----------------------|---------------------|
| Week of | 10,064 | 1,963 | 5,140 | 22% | 8% | 527 |
| June 5 | South Korea Consolidated | Ramstein/ KMCC | Randolph AFB | Iraq | JB Langley– Eustis | Fort Bragg |
| Week of | 19,861 | 1,967 | 5,153 | 27% | 16% | 447 |
| June 12 | Redstone Arsenal | Ramstein/ KMCC | Randolph AFB | Redstone Arsenal | Redstone Arsenal | Redstone Arsenal |
| Week of | 41,870 | 1,977 | 5,186 | 23% | 16% | 236 |
| June 19 | Fort Stewart/ Hunter | Ramstein KMCC | Randolph AFB | Redstone Arsenal | Redstone Arsenal | Redstone Arsenal |
| Week of | 33,938 | 2,030 | 5,208 | 14% | 6% | 399 |
| June 26 | Fort Hood | Ramstein KMCC | Randolph AFB | Fort Polk | Fort Polk | Fort Hood |

Check out these fun Exchange facility Facebook posts.



Birthday Week for the U.S. Army! June 14th "borrowed" this picture ... Soldiers at Fort Riley.. representing the years...



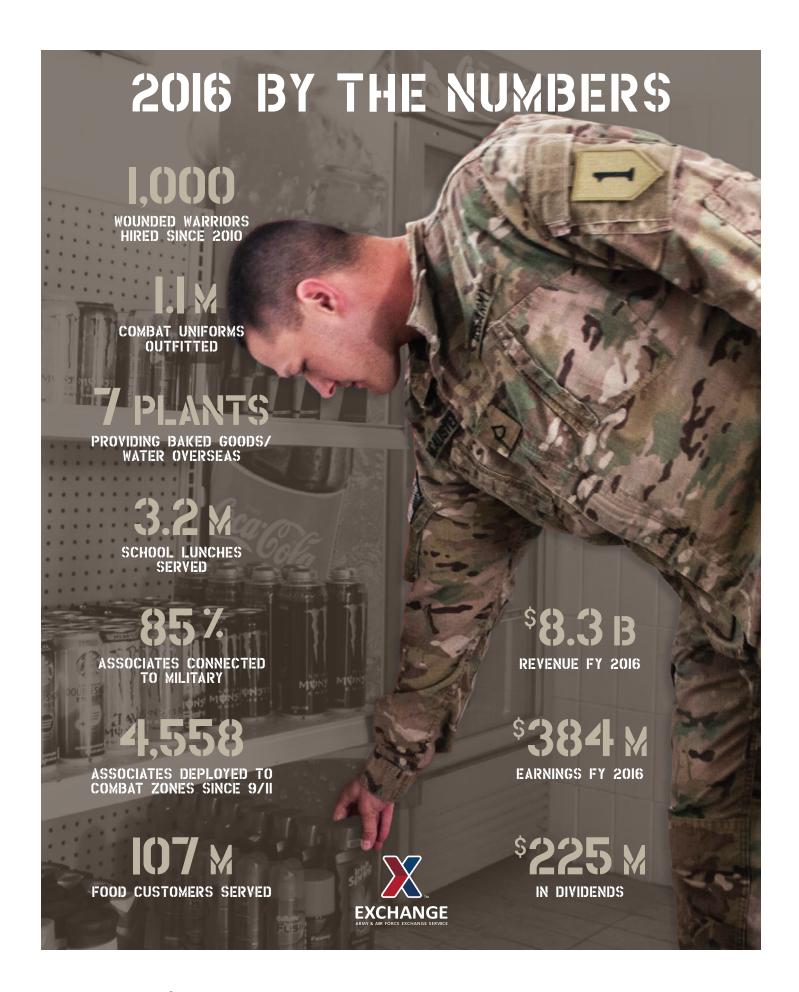






Today Randolph hosted our BIG Pet event. We had support from our vendors and community with a special guest W. Bruce Cameron author of A Dog's Purpose signing copies of his books. Big thanks to everyone who came out to support our event; Texas Chihuahua rescue, Alamo Retriever Club, Animal Defense League, JBSA- Lackland Military handling program, Cibolo Animal Shelter, Randolph K-9 unit, Randolph Veterinary, Milk Bone Science Diet, Blue Buffalo, Royal Canine, Purina, Yumi ice cream, Coca Cola, Frito Lay, Chester, Bissel Vacuums, The Jim Terry Group, Republic Wines, Gallo Wines, The Randolph Fire department, Sparky, Police Department McGruff and Randolph AFB Exchange Friends and Family.





Karen Stack began talking about how the two directorates could better collaborate to drive down costs and improve the customer experience.

"We both own pieces of the supply chain, but we don't have total transparency of either's," Middleton said. "We talked about the need to meld our teams together and find a conduit who understands both sides of the supply chain to drive efficiencies—and that conduit is Sean Shaw.

"The reason we did this is we saw a need. While both of us had the best intentions trying to move the needle and do the right things, we sometimes inadvertently impacted the other's operation, resulting in higher costs and longer lead times."For instance, at the launch of RETEK the while the Merchandising Directorate was focused on 'just in time' fulfilment and inventory productivity, but transportation costs of getting products to the stores in small, frequent orders...or 'just in time' skyrocketed."

The new supply chain optimization team will provide the Logistics, eCommerce and Merchandising directorates with a holistic understanding of the supply chain. Providing transparency to any "choke points" in that supply chain could save the Exchange millions of dollars, create happier customers and drive down unproductive inventory carrying costs.

"This team will study existing approaches, processes, procedures, policies and systems throughout our entire supply chain, from the buyer's actions all the way to the shelf in one of our stores and to the customer's door through ShopMyExchange.com to identify and develop innovative ways to make our supply chain as fully effective as possible," said Sean Shaw, vice president of the supply chain optimization team.

"Ship-from-store is a huge win for the organization because we're not just satisfying demand and need, but more than likely selling more products at their full prices and not on markdowns."

— David Lemmons, vice president of Ecommerce Merchandising & Operation

The key phrase is "inventory productivity." Simply put, "inventory productivity" is how the amount of money the Exchange invests in buying a product from a vendor compares to how quickly it flies off the shelf and boost sales and earnings. If a product doesn't sell quickly, then the Exchange may have to resort to deep discounting, which eats into the organization's financial earnings.

At any link, a supply chain disruption of the merchandise flow dise means the Exchange's inventory productivity is anemic and something has to change.

That's where Shaw's team comes in. These logistics "detectives" will search for clues as to why the supply chain is rusty somewhere and develop plans to correct problems. They also want to use the same data-driven, step-bystep techniques and tools for improvements that Jack Welch made central to his business strategy while CEO at General Electric in the mid-1990s.

"I don't have skin in any game and I can objectively look at something and say whether that has the best benefit for the entire organization and drive down costs," Shaw said.

Team members bring vast experience in merchandising and logistics:

· Shaw was most recently VP of Convenience Channel Merchandising. He brings

- experience in information technology; planning, allocation and replenishment (PAR); and merchandising.
- Jeremy Boyd, a certified supplychain professional, who most recently served as PAR manager for retail food and many years of IT experience.
- Mike Bevel, who brings 30plus years of experience in retail, including buying and PAR roles for major private chains and the Exchange.
- Maheshi Ruffin, who brings experience in merchandising and logistics.

These inventory optimization efforts are not solely focused on brick-and-mortar stores. Middleton said the relatively new Ship-from-Store program allows the Exchange to virtually open the facility doors of 32 main stores, making their inventories available to online customers. This practice gets product to customers faster and cheaper in many instances because of the stores geographic proximity to them. Currently, the Exchange's ecommerce fulfillment team at the distribution centers and ship-fromstore facilities are getting orders to customers in 2.8 days—beating the industry average of 3.4 days.

This is truly a testament to the team's commitment to our vision of pick, pack and ship same day, said David Lemons, vice president of Ecommerce Merchandising & Operation.

"Ship-from-Store is a huge win for the organization because we're not just satisfying demand and need, but more than likely selling more products at their full prices and not on markdowns," Lemons said. "Our plan is to have 58 Ship from Stores operational by the end of October in preparation for the Veterans online shopping benefit launch on Veterans Day 2017." X