

Shopping at exchanges pays dividends to soldiers and families.

By Cati O'Keefe

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From the "Military Idol" competition to the library branches, movies, and daycare on military installations, the contributions to Morale, Welfare, and Recreation (MWR) programs from the military exchanges are growing every year. Every time the cash register rings at one of the 370 exchanges across the globe, a portion of sales is invested right back into the soldiers and their families through MWR programs.

"Keeping our military ready to fight and win is more than just battle training," says William Bradner, Army Family and MWR spokesman. "Soldiers are people, too, and need a balance between work and play. They deserve the same quality of life they fight to protect."

In addition, he notes that removing stress at home through recreation activities for the family or service programs and support to soldiers' for dependents while their loved one is deployed helps reduce stress on the battlefield.

Retailer of Choice

For every dollar soldiers and their families spend at exchanges, they benefit not only from the goods they purchase at low prices, but also from the programs their purchases fund, notes Lt. Col. Dean Thurmond with the Army & Air Force Exchange Service (AAFES). "When we have a good year in terms of sales, our customers get the money right back," he says, adding that AAFES' goal is to increase the MWR dividend each year.

The only way to do that, Thurmond says, is to be the retailer of choice for military families. "Our mission is to be the best retailer, and we are focused on tailoring our retail choices to our customers," he notes.

"It's in our best interest to have a selection that

we think we can sell because we have to be profitable and keep our costs down by reducing logistical and utilities costs."

Thurmond says that AAFES, which has 45,000 employees across the globe, is always looking at new business opportunities, particularly fast foods and the Internet with aafes.com. "Our website is turning out to be a very profitable venture," he notes, adding that sales were up 20 percent during the 2006 holiday season. "We can't put stores on every corner, and that's why the online presence is so important."



The exchanges have also added new product lines and special discounts to compete effectively with other retailers, according to Brian Driver, Marine Corps Community Services spokesman. For example, MCX offers value-priced merchandise and a price-match guarantee. In addition, it also has a private-label clothing line called 1775, which offers high-quality, fashionable apparel and accessories at value prices.

Over the next five years, MCX plans to focus on improving the shopping experience through renovations and expansion of existing exchanges. Eighteen exchange renovation, expansion, or replacement projects totaling \$81.6 million have been approved, Driver notes.

"We're constantly looking for ways to be a relevant part of our customers' lives," Thurmond says. "Without maintaining relevancy, we don't really have a reason to exist."

From the Front Lines

Today, perhaps one of the clearest ways to see the value of MWR is to watch it in action in contingency operations. MWR helps boost morale in tough times and places.

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U.S. Army Pfc. Daniel Gonzalez waits as Spc. Joshua Geren adds up his bill at the exchange on Forward Operating Base McHenry, Iraq, March 5, 2007. Gonzalez and Geren are assigned to the 2nd Battalion, 27th Infantry Regiment, 3rd Brigade Combat Team, 25th Infantry Division, Schofield Barracks, Hawaii. (U.S. Air Force photo by Master Sgt. Andy Dunaway).

PIECES OF THE PIE

Here's the straight scoop on how your expenditures at exchanges translate into MWR programs.

All four branches of the military, as well as the Coast Guard, operate their own exchange programs. AAFES is by far the biggest exchange program with more than 160 stores. NEXCOM, with 110 stores, is the second largest, while the CGES and MCX have 82 and 16 stores, respectively.

Military exchanges operate as federal entities within the Department of Defense. They are self-funded and pay operating costs from revenues. Exchanges return earnings to customers through payments to MWR activities and investments in new or renovated exchange facilities. Exchange sales total more than \$10 billion annually.

AAFES, for example, had revenues of nearly \$9 billion and earnings of \$378 million in fiscal year (FY) 2005, according to Lt. Col. Dean Thurmond of AAFES. If AAFES were ranked among the world's largest retailers, it would come in at number 38—slightly behind www.amazon.com.

AAFES paid out \$229 million in fiscal FY 2005 to MWR programs including: \$139.1 million to the Army, \$75.4 million to the Air

Force, \$14.3 million to the Marine Corps, and \$600,000 to the Navy.

Overall, AAFES paid a per-capita dividend of \$234 for every soldier and airman in fiscal FY 2005, Thurmond notes. On average, roughly 70 percent of AAFES earnings are paid to MWR programs, and over the past 10 years, \$2.4 billion has been contributed by AAFES to military MWR programs.

Similarly, 70 percent of NEX profits go to MWR programs. In fact, since NEX's inception in 1946, it has given over more than \$2.2 billion to support MWR programs, according to Ellen Bennett, NEXCOM chief of staff and vice president of corporate operations for MWR funding. "The local base MWR receives 25 percent of its local NEX's profits as long as the NEX made its profit and overhead for the year," she explains. "Therefore, the amount of money MWR receives each year from its NEX varies."

For MCX, retail sales were \$696 million, an increase of four percent over the prior year. After retained earnings, a dividend of \$39 million, or \$220 per Marine, was returned to fund the Marine Corps' MWR programs. Over the past 10 years, the MCX has returned a total of \$332 million to MWR programs.

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"With the war on terrorism, military exchanges have been right there on the front lines with the troops," says Col. Thurmond. "We go where the troops go."

That means that exchanges are located in war zones across the globe, including Afghanistan and Iraq. AAFES has set up stores in these countries, Thurmond says. Today, says Thurmond, there are 57 "contingency" stores in operation, including eight in Afghanistan and 26 in Iraq.

These contingency stores are manned by volunteers who deploy for up to 12 months at a time. "So far, we have not had to go out and hire people to run our stores in contingency areas," Thurmond says. "We've had enough volunteers. In fact, some of our people are on their third deployment."

For example, AAFES veteran manager Bob Little volunteered to come go to Iraq to manage a contingency exchange. "I knew that AAFES was looking for people to come to Iraq, so I threw my name in the hat," says Little, who has been in Iraq for five months. "I am here because I want to be here. We provide a service to the military community that is serving to improve everybody's life."

Little, who has been with AAFES more than 32 years, was previously based in Okinawa, where he managed one of the largest exchanges in the AAFES system. Before Okinawa, he worked with AAFES in Korea.

"Every place is different, but one thing is the same: We want to make sure that we're providing the right products at the right time," Little says, adding that it's much harder than it sounds. "We're dealing with long lead times and since we're in a war zone, there are challenges with our infrastructure, which is exposed to the same dangers that the military is."

Little says that personal care items and snack items are the most popular items at his exchange. The soldiers also like DVDs and CDs. "They need to have some kind of diversion when

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they're here," he explains.

Theresa McCross, an AAFES civilian contractor in Iraq, spoke to us from the a New Year's Eve celebration hosted by the AAFES MWR program. It also happened to be her last night in Iraq after serving there for two years, helping to administer the benefit to military members on the front.

"AAFES is as close to home as these people can get," she says. "Just being able to buy things that they weren't able to get before makes them feel better," she explains.

McCross says the most in-demand items in her store are books, magazines, and printers. "They have computers but they can't print things out," she says.

For McCross, going halfway around the globe to serve in a war zone was thrilling, if a bit unsettling. "This was the experience of a lifetime," she says. "It was scary, but you get used to it. There are soldiers over here battling with their gear on, and you just do the same thing."

As do all the service personnel responsible for exchange and MWR benefits, whether they are in Iraq, Afghanistan, on ships afloat, or in the Midwest of the United States. Wherever our military lives, fights, guards, or waits, the exchanges and MWR will be alongside, transforming your support at exchanges into a coveted piece of home.

*Cati O'Keefe is a freelance writer based in Cincinnati, Ohio.
Jennifer Popovec contributed to this report.*



U.S. Navy storekeeper Chief Roy Sadiarin plays with a Philippine boy at the Talon-Talon orphanage in Zamboanga, Philippines, Feb. 28, 2007. (U.S. Navy photo by Mass Communication Specialist 1st Class Troy Latham)

Big Events

Variety and fun are key to MWR's success.

MWR programs run the gamut from recreation centers (see page 22 for more about recreation centers), youth services, arts and crafts, aquatic centers, post functions, and golf courses.

"Beyond financial support, PX and BXs routinely partner with local MWR activities to host a variety of morale-building efforts," points out CMSgt. Bryan Eaton, the enlisted advisor to the commanding general at AAFES.

"We are especially active in homecoming events for troops returning from long deployments," Eaton adds. "As a command that has roughly 450 civilian associates voluntarily deployed to Operations Iraq and Enduring Freedom at any given time, our associates are keenly aware of the extreme jubilation the communities experience when they welcome their troops home."

Here are some of the latest events the services have rolled out programs and services will include:

- The Army FMWRC is kicking off a Speed Pool Tournament this spring to help promote on-post clubs and keep soldiers on the installation where they're safe.
- The Army FMWRC will be rolling out an Army-wide golf competition in late 2007.
- The Navy has renamed its fitness program Exercise Your Options to support "Fitness for Life" for all members of the Navy community.
- In fiscal 2007, all Navy fitness centers have been resourced to establish new programs and services to increase physical activity and nutrition awareness for youth, families, and "over-40" personnel, as well as continuing their programming for sailors.
- Navy MWR is developing a Family Fitness Program that targets family members with young children and provides a safe play area in view of a cardiovascular workout area for parents.



Courtesy Army MWR