

> 2016 Strategic Plan



2016

THE ARMY AND AIR FORCE EXCHANGE SERVICE
STRATEGIC PLAN



THE EXCHANGE 2016 STRATEGIC PLAN

In 1895, the Army created the Exchange to make available to Soldiers living in the remote American West the goods and services needed for their use, entertainment, and comfort. Since then, the PX, and later the BX, has been a mainstay wherever the American military has served.

The focus of the Exchange is the Soldiers, Airmen and their Families. Improving their lives is at the forefront of what the Exchange does. Our goal is to ensure the goods and services we sell improve the quality of life of the Soldiers, Airmen, and their Families. Our commitment is to sell them quality goods and services, wherever they serve; the Exchange stands behinds what it sells.

OUR PURPOSE To make quality goods and services available to Soldiers, Airmen, and their Families at competitive prices, wherever they serve.

STRATEGIC GOALS

- » **FOCUS ON CUSTOMERS:** Deliver what customers want, when they want it, and how they want it.
- » **FOCUS ON ASSOCIATES:** Develop associates to provide excellence in customer service.
- » **FOCUS ON OPERATIONAL EFFICIENCY:** Improve operations and reduce costs to provide the lowest possible prices to our customers.
- » **FUTURE GROWTH:** Increase revenue for the Exchange, by focusing on top priority projects that project the largest return on investment (ROI).

OUR VISION TO BE OUR CUSTOMERS' FIRST CHOICE

THE MISSION It is the dual enduring mission of the Army and Air Force Exchange Service to provide quality merchandise and services to its customers at competitively low prices and to generate earnings which provide a dividend to support Morale, Welfare, and Recreations (MWR) programs.

FOCUS ON CUSTOMERS

Deliver what customers want, when they want it, and how they want it. To meet our commitment to sell goods and services that improve the quality of life of Soldiers, Airmen, and their Families, the Exchange must fully understand what they value and anticipate their wants and needs. The Exchange will meet this goal by creating a sense of community, continually finding better ways to serve our customers, and providing engaging personal service.

WHAT ARE WE DOING TO MEET THIS GOAL?



- « Know the military customer and their needs better than our competitors.
- « Create stores that address the lifestyle of our customers.

Continue to upgrade our >> stores and online shopping experience to reflect the wants and needs of our customers.

Improve the multi-channel >> shopping experience.



- « Support commanders with their mission requirements in all COCOM operational and functional plans.

FOCUS ON ASSOCIATES

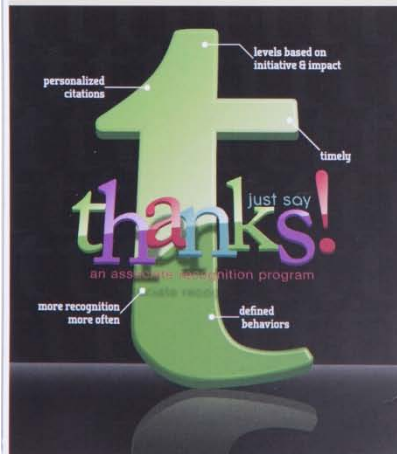
Value associates, their passion, and their talents, and provide opportunities for growth. Develop associates to provide excellence in customer service. Providing excellence in customer service is an important key in differentiating the Exchange from our competitors.

WHAT ARE WE DOING TO MEET THIS GOAL?



- « Invest in associates through training, education, and mentoring programs to provide excellence in customer service.

Grow and leverage >>
organizational diversity.



- « Recognize and reward associates who exceed expectations.

FOCUS ON OPERATIONAL EFFICIENCY

Improve operations and reduce costs to provide the lowest possible prices to our customers. The Exchange operates in a highly competitive retail environment. Our competitors are regularly improving how they operate so as to deliver competitive prices and fully understanding the evolving habits of military shoppers. The Exchange must do the same.

WHAT ARE WE DOING TO MEET THIS GOAL?



« Improve our supply chain systems to decrease costs.

Improve our purchasing process to more quickly respond to shopping trends. >>



« Invest in our stores and headquarters to make them energy efficient.

FUTURE GROWTH

The Exchange has a rich history of adapting to a changing military customer. To better serve our customer in the future, the Exchange is undertaking four major initiatives:

Customer Relationship Management (CRM) Program The Customer Relationship Management Program will allow the company to transform customers' experience and relationship by utilizing the customer data through tracking, organizing, and managing relationships with current and prospective customers, for marketing other products or services. This program will allow insight into customers' preferences by defining a single view of customer data elements.

eCommerce Upgrade The eCommerce Upgrade is a program designed to improve the overall shopping experience for the All Services Exchange Customers. The program is a combination of initiatives that will replace legacy and unreliable systems, introduce new solutions and refine existing applications.

Exchange Credit Program (ECP) Systems Upgrade ECP is the largest in-house Private Label Retail credit program in the United States, representing a third of the Exchange assets and over 35% of FY 2009 earnings. The systems currently used to capture and report information are becoming obsolete and will no longer be vendor supported. This project is an upgrade to current systems that will continue to grow future business for our customers, while making the process more effective and efficient.

Business-to-Business Strategy Project The Exchange is exploring opportunities to build on a \$10+ billion profit-generating "Business to Business" model that allows goods and services to be provided to Federal Government Agency Partners.



**PROUD TO SERVE SOLDIERS & AIRMEN –
WE GO WHERE YOU GO**

YESTERDAY >>



<< TODAY

TOMORROW >>



BENEFITS

EVERYDAY BENEFITS!

- » \$2,728 savings for every soldier and airman per year.
- » \$1,999 Market Savings
- » \$502 Sales Tax Savings
- » \$227 Military Star Interest

DIVIDENDS

2010 DIVIDEND DISTRIBUTION BY BRANCH/COMPONENT

- » Army \$141.7M
- » Air Force \$87.3M
- » Marines \$11.4M
- » Army Reserve \$11.3M
- » Army National Guard \$5.1M
- » Air National Guard \$1.7M
- » Air Force Reserve \$1.6M
- » Navy \$1.0M



 Questions?
