



CNIC Commercial Food and Beverage Business Transformation Plan Brief

Ray Nevin, N923D F&B Program Manager



F&B Commercial Operations

2012 MWR F&B Operations Summary (Per Study)*

Region	MWR Operations
Japan	73
Southwest	58
Southeast	75
Europe	42
Mid-Atlantic	48
Midwest	15
Naval District Washington	22
Hawaii	10
Northwest	18
Korea	6
Marianas	17
Singapore	2
TOTALS	398

Operations by type	12 channels
Snack Bar	104
Club	70
Quick Service	52
Branded Concept	49
Bar	47
Catering & Conference Center	33
Cafeteria	23
Coffee Shop	20
National Brand	17
Other (vending, mobile, room service, etc...)	6
RIK Feeder	4
Casual Dining	3
TOTALS	398

FY '12 Food and Beverage Financial Overview

ENTERPRISE TOTALS- Per Food Study Sept 2012*		
MWR Self Operated Facilities: 398	FY12 Gross Revenue: \$169.3M	FY12 Cash Flow: \$23.8M= 14.5%
MWR Direct Contracted Operations: 27	NEX Contracted for MWR: 13	FY12 Commissions: \$1.4M
NEX Concessions 397	256.0 M	Retention to MWR= \$8.2M/ 7.7% net*
NEX Dividend= <50M>		*Per the Food Study

2012 CNIC/NEXCOM Food Study

Problems Identified:

- ***“Way too many layers of bureaucracy in MWR operations, and HQ is limited in ability to execute Navy unified strategies.***
- ***Management skills and organizational structures/roles are inconsistent across the MWR operations.***
- ***Region and Base level operations operate with a level of independence far beyond industry standards.***
- ***Execution is inconsistent across the regions and communication/collaboration is minimal.***
- ***Menus/recipes/products/supply chain/skill levels/training/policies are not standardized.***
- ***Management metrics are insufficient and the supporting data is cloudy at best. (There is no way to make objective comparisons or informed decisions from the data) (Need data that creates action).***

Bottom Line/Take Away Recommendation of the Study:

“MWR needs to implement a plan to increase efficiency and effectiveness which can be achieved through improved integration of standards and through a management re-alignment.”

Additional Near Term F&B Challenges

- ***Responding to the current and anticipated price uptick in all commodity prices (primarily 2012 drought related).***
- ***Implementing compliance with the upcoming Healthy Base Initiative (HBI) DOD directives.***
- ***SAPR initiative- Alcohol De-glamorization program. Recognizing the need for a unified message and sharing best practices.***
- ***Meeting the training requirements of the Navy F&B community while operating under restricted travel budgets.***
- ***Managing the upgrading of the F&B facilities and menu offerings to compete favorably with the “outside-the-fence” commercial facilities and concepts. Money that is spent outside-the-fence does not benefit the sailor. We need to become the location of choice!***

**SOMETIMES A
BAND-AID JUST
DOESN'T CUT IT.**



Key Overarching Plan Elements

- 1. Deploy Regional F&B Management Specialists (SME) that will provide hands-on expertise to the field through the execution of the overarching Transformation Plan.***
- 2. Develop operating standards that mirror industry best practices.***
- 3. Cultivate enhanced communication and cooperation in the partnership between Installations, Regions, and CNIC HQ.***
- 4. Implement standardized tools, systems, and dashboards to clearly measure the real-time financial status of F&B activities. (You can't manage what you can't measure).***
- 5. Identify the field level training requirements to improve F&B skills at all levels. (SME,NRA/CIA/ACF and N947).***
- 6. Communicate Enterprise-wide opportunities and resources to maximize business results. (JSPVP and other).***

SME Responsibilities

- ***Regional F&B Operations Specialists (Hands-on SME's)***
 - ***Based in the field with 80% travel within the Region.***
 - ***Direct report to CNIC N923D. Supports their designated Regional MWR counterpart =Foodservice Regional Advisory Team (FRAT).***
 - ***SME profile incorporates both culinary and business acumen. Strong communicator and leader. Hands-on teacher/trainer/mentor.***
 - ***Process driven and accountable for results. (P&L, revenue, training, other as needed).***
 - ***Financial Standards and internal cost and asset controls***
 - ***Inventory processes and procedures (audit issues and policy standards adherence)***
 - ***Identify and implement training needs, serve as mentor to develop facility managers***
 - ***Develop base/regional facilities profiles, identify opportunities***
 - ***Coordinate local and national marketing program- support HBI and SAPR***
 - ***Monthly update teleconference with HQ Team- challenges/results reported.***

Target for first deployed Regional SME's is by June 2014 (NDW and Mid-Atlantic).

**THOSE WHO
RESIST CHANGE SELDOM
PROFIT FROM IT.**

Action Plan Benefits

- *Clearly defined roles, responsibilities, metrics (Key Performance Indexes-KPI's), key processes, and personnel requirements for each of the activities.*
- *Implementation of regional core menus by business channel (80% core menus with up to 20% local preference permitted). A lean supply chain with standardized products. Consolidated primary items for improved pricing through the National Product Consolidation Plan (NPCP). Projected savings of \$2.6M.*
- *Reduced operational variances and improved management data Intel through comparative analysis.*
- *Standardized POS architecture by business channel. Use of industry based KPI's as benchmarks to identify variances and create action plans within channels. Utilize performance dashboards.*
- *Cost reductions in prime cost areas while simultaneously improving quality and guest satisfaction.*
- *Improved communication within the Enterprise through monthly "Advisory Board" updates.*
- *Standardization of policy and procedure.*

Overall - a total focus on quality enhancement and on maximizing the value to be delivered to the sailor each and every day.

F&B Current Initiatives (partial)

- ***NRA “Members Advisory Board”- all Regions in place and functional***
- ***“Main Street and Main” Multi Purpose Entertainment Facilities- ongoing***
- ***New Food and Beverage HQ Support Team- Cindy Medeiros, CEC-Culinary Analyst and Paul Magnant, CP-FS,CCE,MBA- Business Analyst, Andy McFadden, CEC-regional field support, and Brennan Hurley, CEC- regional field support.***
- ***Internal Brand development;***

Gourmet Bean Café (Panera), Rustic Crust Pizza (California Pizza Kitchen Express), Bombers Fresh Mex (Chipotle), Better Burger and Fries (Smashburger /5 Guys), and Spinz a bowling program specific brand that features menu items from the other brands.

All Brands feature “better for you” recipes (stealth health) and menu offerings with complete nutritional analytics per the HBI standards.

Brands are fully supported in the field through all phases of development and operations.

