**Commander, Navy Installations Command**

**Essential Station Messing (ESM)**

**Business Case Analysis (BCA) Review**

**General Guidance**

This guidance is to assist in reviewing your current Business Case Analysis (BCA) and/or to assist in creating a new BCA for a current Essential Station Messing (ESM) operation. This is not intended to furnish a substitute for an authentic business plan but rather offered as an example of the approach necessary to operate the ESM business. The purpose of a BCA is to: assemble the relevant facts and figures; identify costs and revenues; analyze these facts against the benefits and risks.

The primary goals of this ESM BCA Review are to:

* Ensure that the Navy continues to offer Sailors nutritional dining options in conformity to BUPERS guidelines and in support of CNO Homeport Ashore Feeding Policy.
* Offer meals and dining venues that are compatible with evolving societal standards for the 21st Century Sailor.
* Maintain Culinary Specialist (CS) employment and readiness.
* Identify financial challenges.

At a minimum, a PowerPoint BCA presentation should include:

1. **Executive Summary**

**2.0. Current Concept of Operations**

 **2.1. Business Objective**

* Provide goals to achieve within a certain timeframe. These goals in decision-making, aligning teams, and help track progress toward broader strategic goals.

 **2.2. Proposed and Desired Effects**

* Describe the anticipated outcome of a project or decision and the outcome for the operation

 **2.3. Current ESM Operating Environment**

* NAF/CS Staffing Plan
* Hours of operations

 **2.4. Risks, Challenges, Obstacles**

* Examples may include: health and safety violations, regulatory changes, base security, labor shortages and solutions, customer expectations, food trends, funding solutions, menu changes, hours of operations

 **2.5. Potential Courses of Action (COAs) and Discussion**

* Analyze and compare potential courses of action, highlighting pros and cons of key points such as, benefits of the operation, is the operation realistic given current resources and conditions, long term goals

 **2.6. Sample of Approved Menu**

* Provide samples of Breakfast, lunch, dinner and special meals, with hours of operation.

 **2.7. ESM Meals Served Over the Last 3 Years**

* Provide a list of meals served per month over the last 3 years, meals must be broken down by breakfast, lunch and dinner

 **2.8. Required Decision-Making and Action**

* Explain the important choices to be made and what steps will be taken to move the operation forward

 **2.9. Pictures of Current Operation**

* Include at least 2 pages of photos highlighting your operation, at a minimum photos must include kitchen area, storage spaces, serving area, signage and eating area.

**3.0 Way Ahead**

 **3.1. Management Strategy.** Management strategy of the ESM operation is to provide a more modern dining experience for subsistence in kind eligible Service. Furthermore, to generate sufficient revenue to assure a profitable NAF MWR Category C operation as required by governing policy. Sufficient detail regarding how the management strategy will be achieved should be provided.

 **3.2. Project Governance.** Discuss the necessity of issuing any regional/installation guidance and provide copies with this review:

* Instructions
* SOPs
* Site Visits/Inspections outcomes and plan for the ensuing years
* Audits- past and planned

 **3.3. Financials.** Attach financials for the past 6 months and provide analysis. Describe financial support requirements including but not limited to APF required and minimum meals served to assure profitability.

 **3.4. Contract/MOA.** The underlying ESM business agreement between the Region and MWR Food & Beverage will be accomplished under a basic MOA as authorized under 10 U.S.C. § 2492. Execution of such MOAs is routine practice throughout the CNIC enterprise and can be quickly and efficiently executed. In fact, Congress specifically authorized the use of this process in regard to galley operations:

* §2492. *Nonappropriated Fund Instrumentalities: Contracts with other Agencies and*

*Instrumentalities to Provide and Obtain Goods and Services* “An agency or instrumentality of the Department of Defense that supports the operation of the exchange system, or the operation of a morale, welfare, and recreation system, of the Department of Defense may enter into a contract or other agreement with another element of the Department of Defense or with another Federal department, agency, or instrumentality”

**4.0. Required Decision-Making and Action.** Indicate any new steps to continue profitability of the current ESM Operation.

**POAM**

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| --- | --- | --- |
| Date | Action | Comments |
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Submitted by:

Name of ESM Operation: Region:

POC:

Phone number:

E-Mail address:

Review:

Region N9:

Region N92:

Region Office of General Counsel:

Region Commander (REGCOM):

**5.0. Legal Authorities**

**CNIC M-4061-1** provides the application process, standard operating procedures, and guidance for NAF ESM food service operations.

**CNICINST 4061.4** indicates that the CNO has delegated to CNIC “authority to organize, man, train, maintain and equip assigned Navy base operating support functions and infrastructure,” to include Navy galleys.

**CNICINST 4061.1A** establishes the rules relating to patronage of Navy galleys.

**CNICINST 4061.6** provides authority and guidance in regard to audits of Navy galleys ashore.

**DoD Manual 1338.10** encompasses the DoD Food Service Program (DFSP).

**DoD 7000.14-R Financial Management Regulation (FMR), Volume 12, Chapter 19** serves as the financial template for DoD Food Service Programs.

**10 U.S.C. § 2492** states that Department of Defense MWR nonappropriated fund instrumentalities are authorized “to provide or obtain food services beneficial to the efficient management and operation of the dining facilities on military installations offering food services to members of the armed forces.”

**DODI 4105.67 states** d. Pursuant to section 2492 of Reference (c), NAFIs that directly support the operations of exchange services; military and DoD civilian morale, welfare, and recreation (MWR) programs or lodging programs are authorized to enter into contracts or other agreements with another DoD element or another federal department, agency, or instrumentality to provide or obtain items and services that are beneficial to the efficient management and operation of the exchange services, military and DoD civilian MWR systems or lodging programs. These NAFIs: (1) May enter into contracts or agreements to provide or obtain those items and services specifically authorized for: (a) Exchange services as defined by DoDI 1330.21 (Reference (o)). (b) Military MWR activities as defined by DoDI 1015.10 (Reference (p)). (c) Civilian MWR activities as defined in DoDI 1015.08 (Reference (q)). (d) Lodging activities as defined in DoDI 1015.11 (Reference (r)). (2) May enter into contracts or agreements to provide or **obtain food services** beneficial to the efficient management and operation of the dining facilities on military installations offering food services to Service members.

**The policy further states** (5) Before entering into a contract or other agreement pursuant to section 2492 of Reference (c), will ensure that the agreement or contract will benefit the NAFI.

**SECNAVINST 7043.5C** specifically promulgates and adopts the authority of 10 U.S.C. § 2492 in its application to Navy galleys.

**OPNAVINST 4535.1C** appoints CNIC FFR as the Navy’s Randolph-Sheppard Act (RSA) Program manager, and the responsibility for day-to-day management has been assigned to N9L. As per this instruction, as well as the RSA statute and Department of Education Regulations, a military dining facility such as a Navy Galley is considered a ‘cafeteria’ subject to blind vendor priority. Other food venues not characterized as a cafeteria may operate under an RSA permit.