REPORT OF THE NEST MANAGER
MARCH 13TH, 2014
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I have gone through the transaction listing and reclassified expenses I believe should be considered startup costs. In addition, there were three cell phone expenses that I am not comfortable having count towards my January numbers as they were very clearly outlined in my September-December budget, so I have marked them so that it is clear they were not January expenses. Finally, we have an unknown $140 McGill phone expense that we are going to look into.

With these reclassifications, we have a revised unfavourable balance of $6042.28, compared to a budgeted unfavourable balance of $3850.69, leaving an unfavourable variance of $2191.59. This unfavourable variance is attributed to the unfavourable salary and benefits variance of $2362.54.

The bad news is obvious, but the good news is that we were on budget in almost all other areas. I think that considering this was the very first month of operation with a completely new menu and in a new kitchen, having overages in hours worked was to be expected (i.e. we had no idea how long everything would take to prepare until we actually prepared it, there was a learning curve that meant more hours worked earlier in the month, and we had extra hours worked to get the entire cafe up and running).

Tyler asked me yesterday what controls I was putting in place to manage hours worked, and I explained that if we look at the budgeted hours for the rest of the semester with regards to salaries and benefits, they are almost the same as what we saw for January. To me this that shows that what we saw in January was the hours we need to run our business, and it is budgeted as such for February, March, and April (I can explain this better in person). With regards to actual controls, we now have a very solid idea of how long everything takes to make and how many hours we need for service. As such, we only schedule what we need, and I think this will control costs in coming months.