# Operations

Production capacity for the factory increased 4% from last week, resulting in machinery being utilized 84% of the time. This was due, in part, to restructuring how the team schedules maintenance windows, but was primarily due to luck. We were fortunate that we experienced no breakdowns in our machinery that resulted in idle time.

Overall, the factory itself is on track to make production quotas for the year thus far. We have made up significant ground against the delays we experienced last month that were due to the catastrophic failure (and eventual replacement) of one of our key production lines. Right now, the factory stands at 75% utilization for the year. This is short of our goal of 80%, but represents an increase of 3% from the prior month. If we can continue this strong momentum, we should be fully caught up by next quarter.

Payroll costs remained steady against last week's numbers. We had zero employees decide to leave the company, no overtime hours were used, and no new employees were added. As a reminder, however, payroll costs are set to increase significantly next quarter as the new production wing comes online. Approximately 20 new employees will need to be added. We are currently working with HR on a hiring and onboarding strategy.

# Sales

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Division | Gross Sales | Budget | Variance | Margin | Net Profit |
| Retail | 2000000 | 1700000 | 300000 | 0.4 | 800000 |
| Wholesale | 50000000 | 55000000 | -5000000 | 0.25 | 12,500,000‬ |
| Fundraising | 10000000 | 12000000 | -2000000 | 0.1 | 1000000 |
| Private Label | 30000000 | 34000000 | 4000000 | 0.15 | 4,500,000‬ |

# Marketing

Overall website impressions were down 3% this week, which is consistent with what we saw around this time last year. This gives credence to the hypothesis that was shared in last week's executive team meeting that our decline in sales for the month was more to the seasonality of our business than anything we were doing operationally. That isn't to say we don't need to address the problem, however; now that we're aware that this might be the issue, our team is looking for creative ways to promote our business in spite of it. The conversion rate on the website remained steady at 4%, which remains above the industry average of 2.5%. Kudos to the web design team for their efforts to redesign the shopping cart experience; it's hard to believe that we were clawing for 1% just a few months ago! As a reminder, next week we will begin our new ad campaign designed to promote our new product line. Look for advertising to appear on social media, billboards along the freeway, and on TV between the hours of 5 and 7 PM on channels 2, 4, and 7.

# IT

Thus far, the IT department has spent 50% of its planned budget for the year, which is way off projections. Mostly, this is due to having to install new security equipment after hackers successfully broke into our network earlier in the year. Unfortunately, we will likely need to add at least another $100k to the budget in order to complete all strategic IT projects for the year.

Speaking of the security upgrades, implementation is proceeding as planned. We have about 70% of the work completed at this point and have experienced no further issues. As we continue to roll out new controls, you can expect to see an easing on current restrictions on remote work and off-hours access to systems.

Our helpdesk continues to be rock stars, improving average issue resolution times to 4 hours from 5 hours. It would appear that the investments we made in training are already paying off in spades!

As a reminder, we are scheduled to roll out a new version of our email client next week. Employees have been asked to attend one of 5 30-minute training sessions in order to get familiar with all of the changes. Early feedback from our pilot group has been excellent so far - people are loving the ease of use and extra security features!