

Variance analysis

Business



Micro Strategy Variance Analysis Results According to the variance analysis, the company recorded excellent performance in the three years. For instance, in 2006, the total profits of the company escalated by \$182, 804. This is more than anticipated. Moreover, in 2007 the total profits increased by \$ 1, 514, 654, whereas in 2008 the total profits increased by \$324, 737 (table1).

Also, the company's total revenue during the three years increased as well. In this regards, there was a rise of \$1, 454, 342 in the company's total revenue in 2006. In 2007, there was commendable increase by \$1, 614, 246 whereas in 2008, the total revenues increased by \$1, 849, 417.

The overall costumers' performance in 2008 was better. In fact, it was also exceeded the anticipated average costumers' spending by \$1, 520.

Nonetheless, there was a variation in the individual customer's spending. The company's top 20 customers are include: Webber Rob , Chandler Laverne, Locke Lanny, O Malley Grace, Antekier Gigi, Chubin Spencer, Harmon Majorie, Stuart Nathan, Galaviz Aldon, Sample Lorrie, Badillo Murrel, Sheppard Caroline, Shenton Bartley, Felt Dominic, Lockard Roz, Fain Mina, Waterworth Vera, Abrahamson Gaige , Britton Alisa, and Spencer Jude.

On the other hand, the worst 20 customers include: Chivalan Rebecca, Cobb Petr, Dahlbeck Augie, Fowble Pat, Furst Gardner, Holzer Tracey, Hull Lorvel, Robinson Alpha, Talman Holly, Wayne Dayle, Allbritton Tad, Grenier Elsa, Hendricks Audrey, Innes Gilbert, Ledford Wendel, Stephens Sylvain, Yadon Kate, Daniels Kethy, Jackson Sophia, and Wilkins Rom.

With reference to product performance, the company's products recorded astounding performance, better than the expected. In this regards, the average sales were \$ 1, 795, 664. 76. in terms of individual product

performance, the top 20 best selling products are: Electronics Sony, Electronics RCA, Electronics Sharp, Movies Matthew Broderick, Electronics Panasonic, Electronics Hewlett Packard, Movies Eddie Murphy, Movies, Liam Neeson, Movies Jack Nicholson, Electronics GPX, Movies Tom Hanks, Electronics New Media, Movies Richard Bradley, Music Alison Krauss, Books Geneen Roth, Music Blackhawk, Music Live, Music Aaron Tippin, and Electronics 3Com.

On the contrary, the bottom 20 products in terms of sales are: Books Mark Wilson, Books Young, Music Sound Effects, Movies David Barton, Books Doug Hall, Books Jonathan Baird, Books David Miles Huber, Movies Robert Powell, Books Edward R. Tufte, Movies Billy Blanks, Music Doo Wop Box, Music Various Artists , Books Andy Rooney , Books Stephen Sacks, Music Aretha Franklin, Music Stevie Wonder, Books Eric Drexler, Books Brater, Books Miriam E. Nelson, and Books Daniel Goleman.

The growing number of customers and the escalating sales are attributable to various reasons. First, the company has established a better and improved customer service. This has enhanced the existence of loyal customers due to guaranteed customer satisfaction. The second reason for the exemplary performance is that the company sells its high quality products at a relatively cheaper price. This is evidenced by the range transaction per customer which is pegged at \$3, 682 implicating that customers appreciate the prices and the quality provided

Assumptions

The underlying assumptions in this analysis are twofold. The first one is that the managers' decisions about prices are well informed. Secondly, the company supports delivery.

Risks

Some anticipated risks are found within supply chain, transportation and technology.

Scenarios

What if the company decided to sell a new product category like home tools?

Data analysis and empirical rule

There are three data sets that we used in the variance analysis. These are: profits, revenues, customers and products. The profits, revenue as well customer and products data exhibit similar behaviour.

Profits and revenue data sets were collected over the whole period of time implying that there were more variations in the data. Consequently, there was also variation in these data sets. In this both the profit and the revenue data, the dependent variable is the time while the independent variable is the profits (in the profit data) and the revenue (in the revenue data). Since the variables are numeric regression analysis can be perfectly applied. In this regard, the regression analysis reveals that 97.9% of the profits and 98.8% of revenues are contingent on the seasons. Moreover, the regression shows that the regions may influence by each other. This maybe attributed to the fact that all regions depend on one supply. This implies that when one region sells more, the others may be out of stock.

In contrast, customers and product data were collected in one period. As a result, the data shows one pattern. Thus, the regression analysis was invalid in this data sets because there existed variables (customers and products) in them. This implies that, the best way to describe these data is by descriptive statistical methods which may include finding the mean, median, max,
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among others.

The risk associated with dependence on one supply line is that the company is vulnerable to running out of stock and this could also affect many regions. In such a scenario, the company stands to lose its costumers. The other risk also relates to the inappropriate use of technology. During the analysis, the data revealed the association between with low profit margins and the web. That implies that some customers have no confidence in the security of the web. Therefore, besides the risk of losing the web customers, the company is also exposed to the risk related to security issues.

Recommendation

With the aim of improving the company, various recommendations are put forth. First, the company should put more focus on the worst customer with the aim of turning them into loyal customises. This could be achieved through offering those incentives, offers and promotions. Also, it is important to ask them about their experiences with company with aim of establishing which area to improve. On the other hand, it is also important to appreciate the loyal customers. This could be done through giving them discount.

Promoting customer satisfaction is also important. This will enhance customer loyalty and even market the company even further, as they will give positive comments about the company to friends and family. Another recommendation is that, the company needs to consider using more supply shines to prevent running out of stock. Finally, the web service needs to improve in order to enable more customers to buy from this service.