

[MUSIC PLAYING]

Hello, MBA students. This assignment is meant to give you much needed practice in dealing with variance analysis. Many manager and above positions require the understanding of budgets and variances. This particular skill set is critical for an MBA student to understand and master.

The assignment details are all given, including the exact Excel requirements. You will be creating a variance report. And, thus, you have to pretend that the previous quarter numbers are the budgeted numbers. In real life, we would have an annual budget to work with. Budgets are internal working documents are not made public. So we're not able to see Starbucks budget that is why we have to pretend that last quarter financial statements are the budget.

Once you've calculated each line item variance amount and percentage, do some critical thinking on what may have caused the variance. Think about the overall economy, company specifics and line items that might interconnect with each other. You will need to make plenty of assumptions here. So be sure to document your rationale for each variance in detail.