



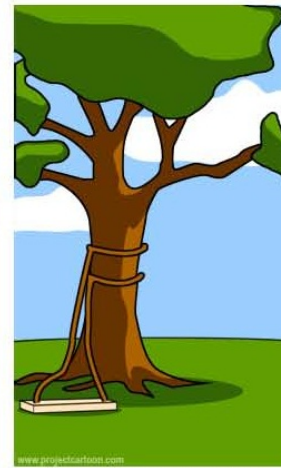
How the customer explained it



How the project leader understood it



How the analyst designed it



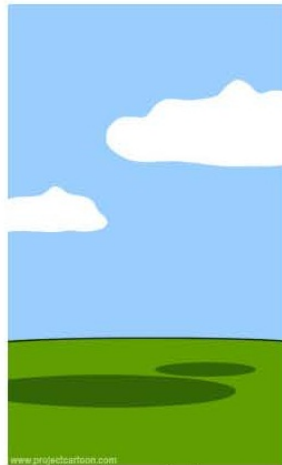
How the programmer wrote it



How the business consultant described it

Communication & Maintenance

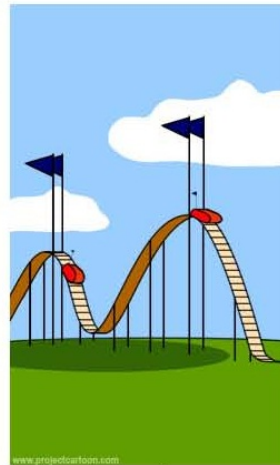
Prof Galit Shmueli, *Forecasting Analytics*



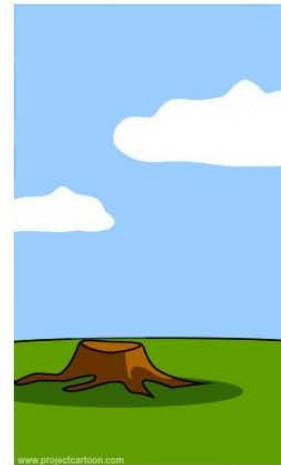
How the project was documented



What operations installed



How the customer was billed

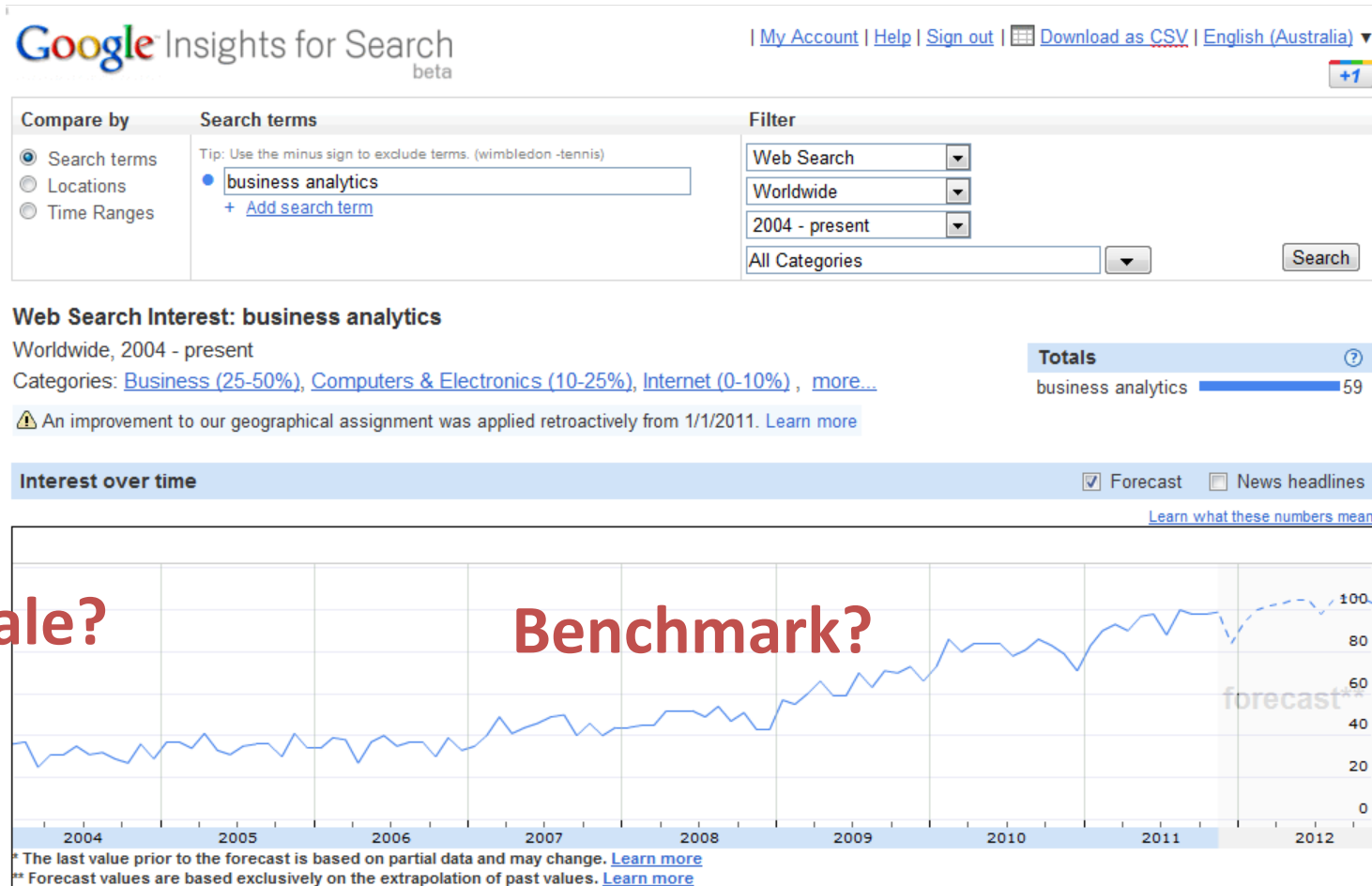


How it was supported



What the customer really needed

Presenting Forecasts

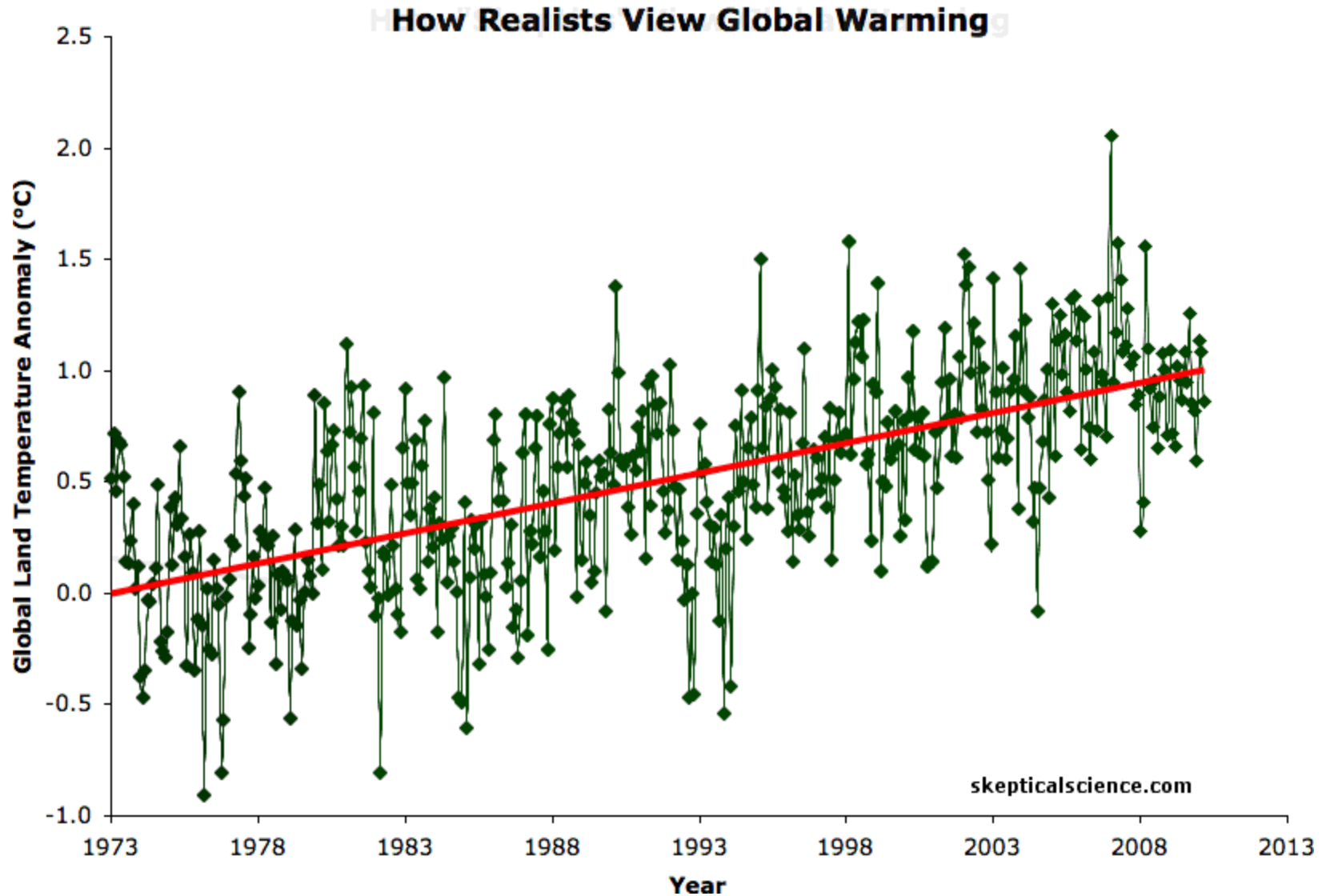


Method?

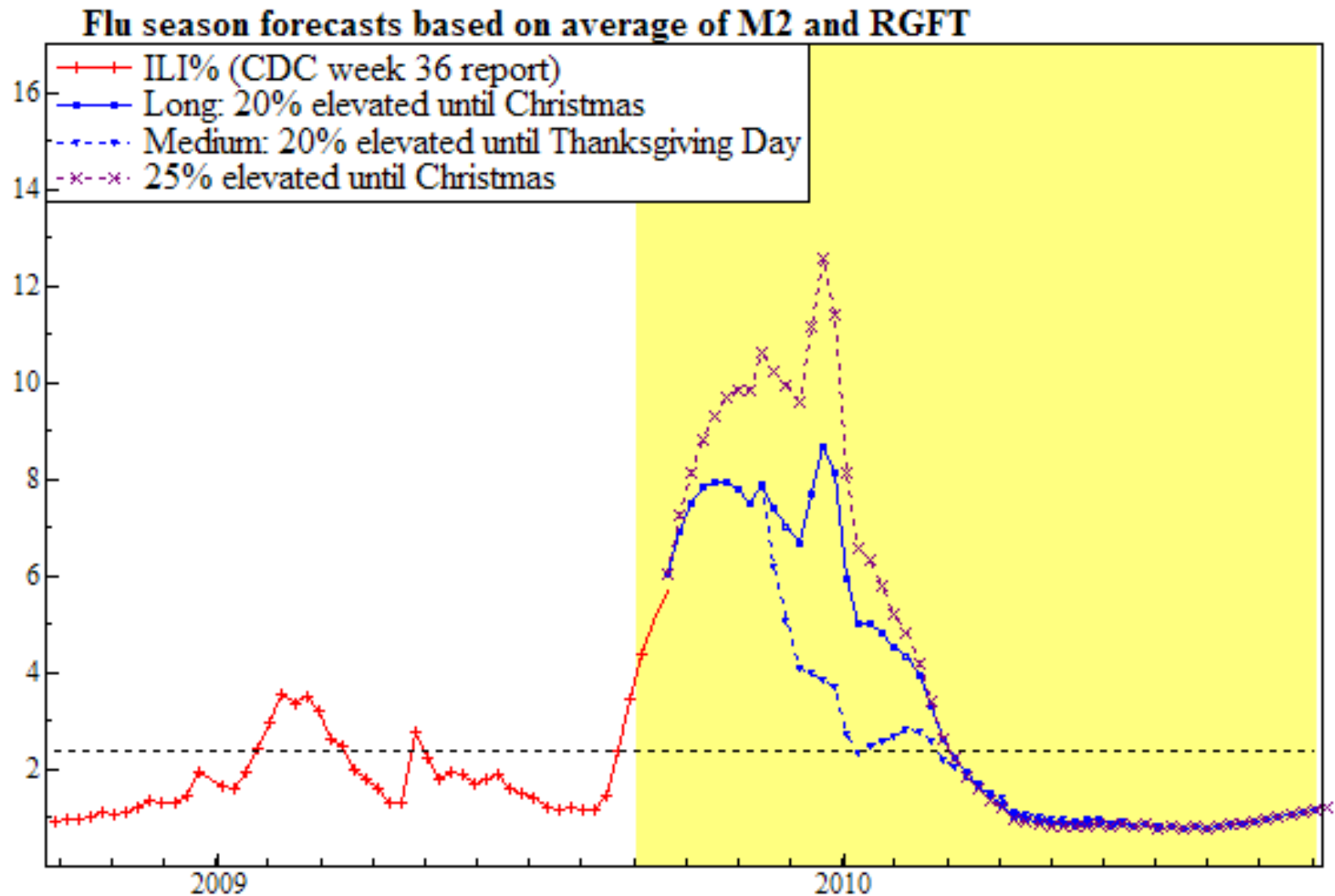
Performance?

Factors affecting forecast?

Presentations can fool you



Forecasts under different scenarios ("what-if")

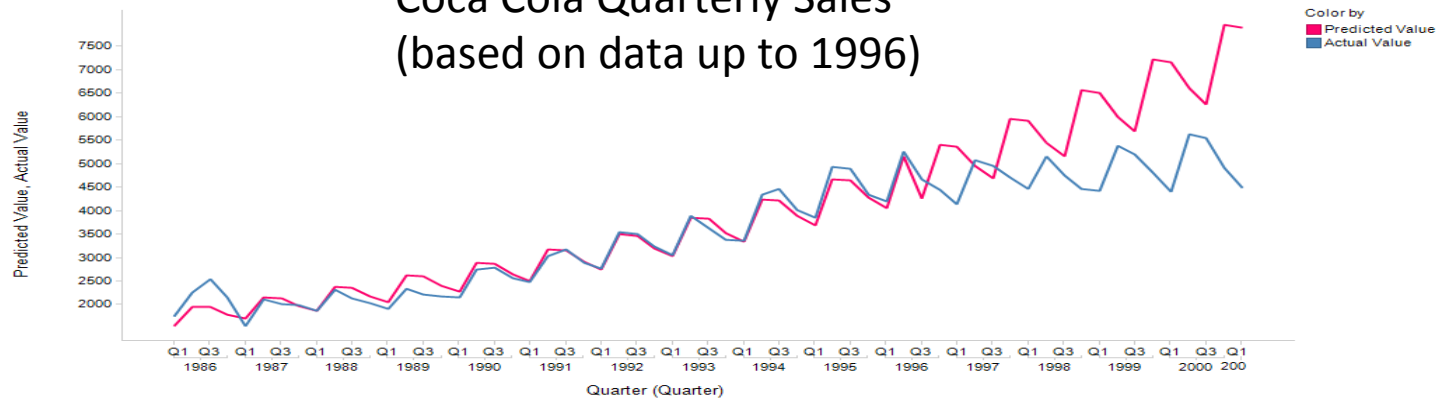


Monitoring Forecasts

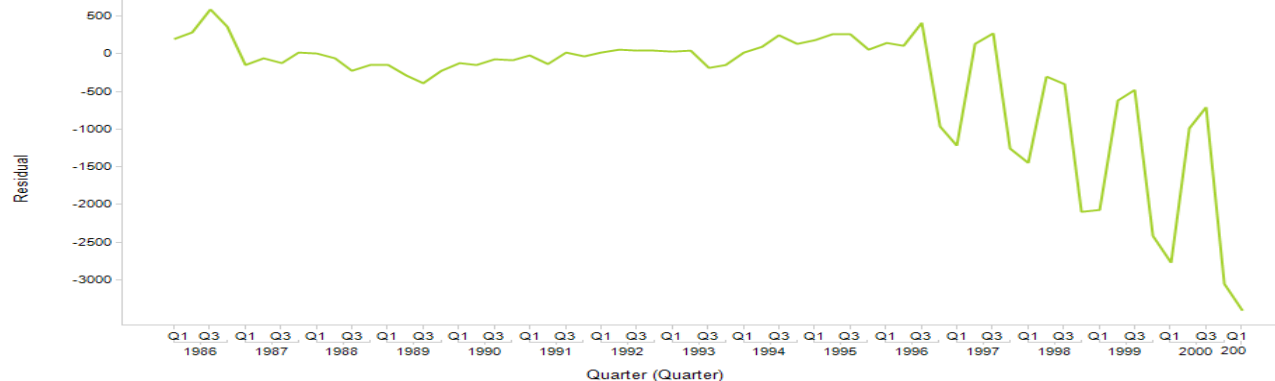
“underlying conditions remain unchanged”

Actual and Forecasted Sales

Coca Cola Quarterly Sales
(based on data up to 1996)

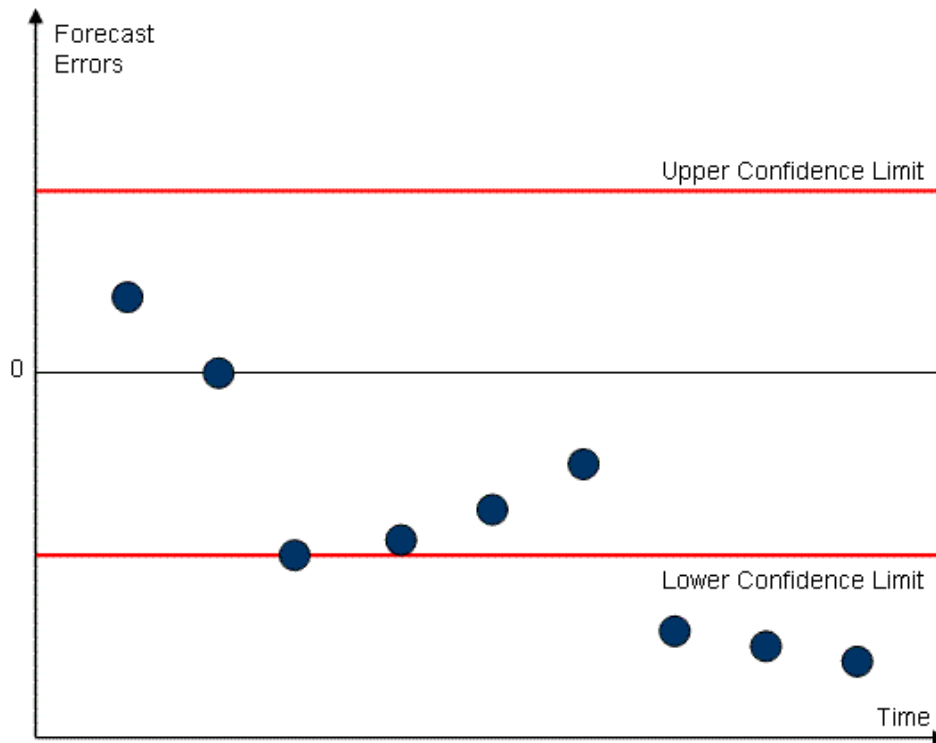


Forecast Errors



Monitoring Forecasts: Control Charts for forecast errors

“underlying conditions remain unchanged”



A Control Chart for Examining Periodic Forecasting Errors

Written Reports

Why needed?

- Skeptics
- Incorrect interpretation/use

Part I: **Executive summary** (problem, data, method, forecasts, precision)

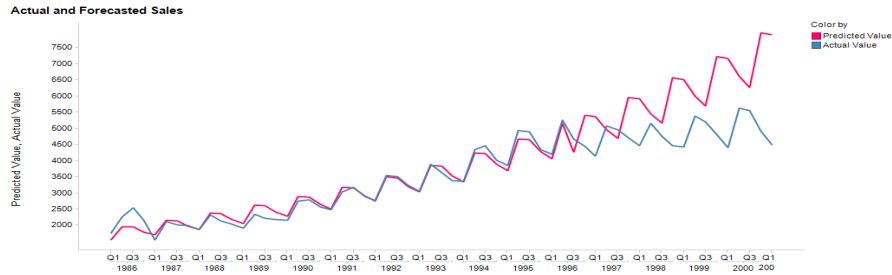
Part II: **Technical details** (pre-processing, data sources, choice of methods, performance evaluation, benchmarks)

Well formatted charts (B/W?)

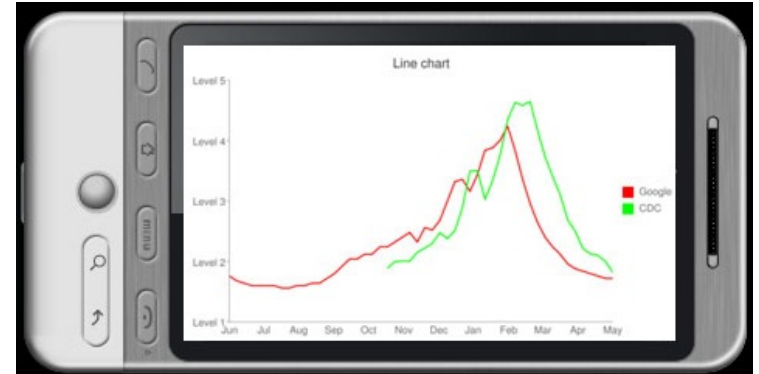
Tables with forecasts – rounding?

Keeping Records of Forecasts

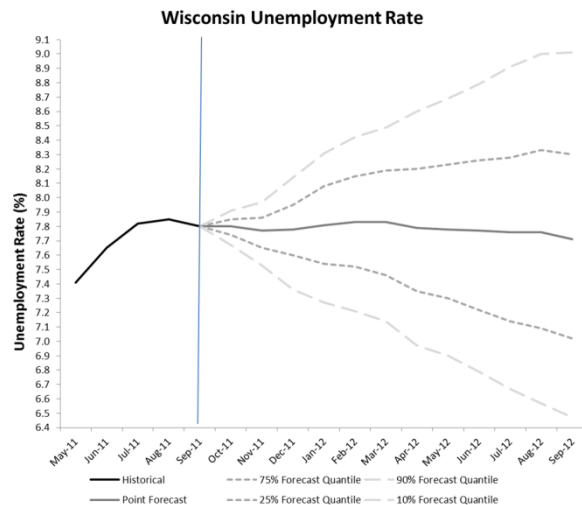
Evaluate performance over time



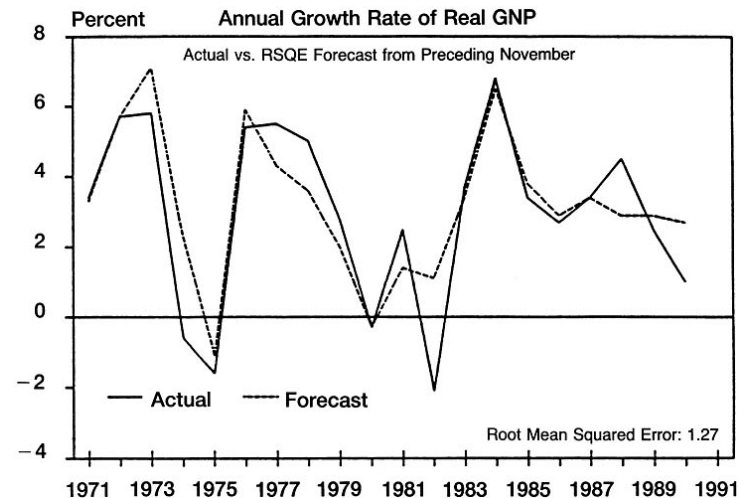
Develop improved forecasts



Quantify forecast error distribution
(for prediction intervals)



“hard data” for stakeholders:
planning and comfort level



Managerial forecast “adjustments”

Extremely popular practice in businesses:

“adjust” forecasts based on “judgment”

- Strategic reasons (accounting deflates to avoid stock out; marketing inflates, etc.)
- Political reasons
- Compromise between marketing, accounting, operations, etc.
- The forecaster wants to show his/her usefulness

Forecasts often adjusted to reflect desirability or target values

Such adjustments are usually arbitrary

This practice has been shown to **reduce accuracy**

What to do

Do your best to avoid adjustments

Make forecasting method transparent
(document clearly)

Keep record of previous forecasts and show
performance of unadjusted figures

Next (last) class

Team presentation
(7 min + Q&A)



Upload your PPT by
7am (section A)
1pm (section B)

Submit report by
midnight of last class

Please **return clicker** on last class