***PREFINAL ACTIVITY 1 - FORECASTING TOOLS***

**Time series models**

A time series analysis examines data sets and how they change over time. Time series modeling is a useful tool when working on forecasts for your company, as it allows you to identify trends and patterns. By combining this information with other data about your company and industry, you can more accurately forecast changes.

**Public data and reports**

Data such as government reports or analyses from private organizations that make their results available online or in other publications allow you to benefit from often expensive information-gathering operations at no expense to your business. Combining internal data to analyze your company's specific behavior with larger communal trends from public data can help you make the most accurate forecasts.

**Production charts**

Any business that creates products or requires inventory on hand can benefit from the use of a production chart to forecast inventory needs. The chart lays out what products and inventory your company requires and when you will likely need them so that you can plan accordingly and keep daily operations on schedule.

**Performance indicators**

Understanding the most important metrics for your business can also help you make effective projections by targeting growth only in the areas that help your business prosper. Some common key performance indicators include monthly growth percentage, net client growth, gross sales and conversion ratio.

**Organization charts**

In addition to providing a clear structure for how each role fits into your company, an organization chart can be a useful tool when forecasting. An organization chart allows you to identify areas where you may require new staff when undergoing expansion or where you can combine departments on certain projects so that you can plan for any changes.

**Modeling tools**

Advanced data modeling is a method of further analyzing data to create useful forecasts. With a data model, rather than examining a performance report or market projection and using your experience and knowledge to apply it to a forecast, you enter the data into a formula or program. The model can then perform complex calculations and extrapolations, often over thousands of iterations, to create a data-driven forecast.

**Internal assessments**

Creating internal reports is an excellent way to improve the quality of your projections. You can verify internal data, and the specialized focus on your company and its performance typically leads to more accurate forecasts than relying on broader trends. Combining reports on your past performance with outside data and projections can help you create reliable forecasts for your business operations.

**Industry association reports**

Membership in an industry association comes with many benefits since you can seek the expertise of many companies at once. Industry associations can aggregate data from the many companies within them and perform independent research to create reports about key topics in the field. These reports provide you with useful information that you can apply to your projections to create more accurate forecasts.

**Expert reports**

One of the simplest resources available when creating a forecast is expert opinion. Any time you are creating a forecast for your company, consider researching what industry leaders are saying. A marketing professional, for example, can benefit from reading essays or watching videos from leading marketing experts when creating a project plan. This allows you to benefit from the experience and knowledge of industry leaders and apply what they share to your company to create an accurate forecast.

**Cash flow statements**

A cash flow statement provides an overview of money that your company is spending and receiving from clients, including when you anticipate transactions to occur. It is an extremely valuable tool for making projections for your business, as having cash on hand when it's needed is a crucial element of any business plan.