Forecasts drive strategic, tactical, and planning decisions throughout businesses. For example, demand forecasts have implications for:

- **Procurement/Sourcing:** inventory management of raw material inputs and sub-assembly components.
- **Manufacturing:** production planning and scheduling, inventory management.
- **Marketing:** sales force allocation, advertising budgets, merchandising, and promotions.
- **Service:** support planning, service capacity management, and insourcing/outsourcing.
- **Finance:** Plant-equipment investment and budgeting.
- **Human Resources:** workforce planning, training programs, and staffing levels.

Inaccurate forecasts raise costs of various kinds that inevitably reduce profitability. A sales forecast doesn’t equal a production plan, of course. Safety stock targets and current inventory levels must be taken into account in translating sales forecasts into planned production levels.

Using the data provided within the five problems in the Forecaster Simulation, you’re asked to assume the role of a forecaster creating a total of 14 sales volume forecasts. These forecasting problems span a range of industry settings and a variety situations and contexts.

Your goal is to develop accurate forecasts. Forecasting accuracy is measured by comparing your forecasts to the actual outcomes that are known to have occurred (revealed only after you commit to specific forecasts).

After completing the Forecaster simulation, you should have an improved understanding of the challenges and issues associated with developing useful and accurate forecasts in a variety of business contexts.

The Forecaster simulation is designed to improve the skills of forecasting novices. Improved forecasting prowess is valuable for anyone who has ever participated in or will ever participate in planning, budgeting, and operations … which includes almost everyone in business.