AFP LEARN

Financial Planning & Analysis

FINANCIAL ACUMEN:
FORECASTING SERIES

Improving Forecast Accuracy

COURSE LENGTH

Two 2-Hour Virtual Sessions or
One Half-Day In Person

DESCRIPTION

Forecasts are all but guaranteed to be wrong. Nevertheless, companies should always aspire to be as accurate as possible. This course is designed to provide participants with implementation-ready and theoretical approaches for improving the accuracy of forecasts. Discover how to identify key business drivers of growth and improve future visibility for agile decision-making. Learn how to implement simple yet powerful modeling techniques to remove guesswork; increase confidence; and mitigate risk through data integration, scenario management, and predictive simulation.

LEARNING OBJECTIVES

- Develop cross-departmental forecasting processes and workflows allowing forecasts to be updated regularly and efficiently
- Identify which elements of the forecast need the most diligence and which elements expose the organization to risk
- Review a driver-driven and flexible financial model to accommodate changing internal and external information
- Assess whether agile planning and automated reforecasting tools are right for your organization

AGENDA

- Why is forecast accuracy important?
  - Forecast accuracy a value of leadership
  - Consequences of poor forecasting
  - When is seeking better accuracy worth the investment?
  - Can forecast accuracy lead to greater operational improvement?
- How to improve forecast accuracy
  - Mathematical models vs analytical judgement
  - Setting KPI'S, leading indicators
  - Utilization of historical results and current economic trends
  - Reassessment of prior period forecasts
  - Manual overrides of forecasting methodology
  - Establishing and availability of automatic forecasting methods
- Business drivers and forecast accuracy
  - Identifying business and economic behaviors
  - Identifying within what range of time, volume, and other constraints is a forecast accurate
  - Identifying the critical lead time for determining the most appropriate forecast horizon and intervals
  - Case Study: Based in Excel with a financial forecast model to demonstrate these points

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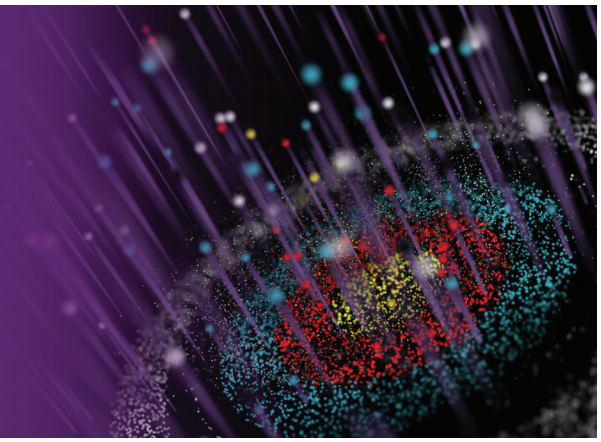

- Building and simulating more accurate forecasts
  - Building and testing prior to roll out
  - Data collection
  - Deliberate bias
  - Forecast analysis
  - Scenarios and sensitivities
  - Cross departmental (especially IT) buy in to ensure forecast tracking occurs
  - Utilizing Average Percentage Error (APE)
- Case study
  - Based in Excel, with a pro-forma financial forecast model to demonstrate these points
  - Analysis of the simulation to identify integrity and opportunity for improvement
  - Actuals vs forecast tracking, scenarios and sensitivities

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