notes from the editor

Celebrating Our 25th Issue

This Spring 2012 edition of Foresight marks our 25th issue since the journal’s inception in the summer of 2005. It’s also the 10th anniversary of the awarding of the Nobel Prize in Economic Sciences to Daniel Kahneman. Kahneman was recognized for his pathbreaking insights on the not-always-rational ways in which we make our predictions and reach our decisions. Now, in his book Thinking, Fast and Slow, Kahneman presents the capstone of his work and its implications for improving our performance as analysts and forecasters. Reviewer Paul Goodwin concludes that any forecaster who uses judgment in his or her methods will benefit from reading it.

Daniel Kahneman at his Nobel Prize lecture in 2002.

Robert Fildes and Paul Goodwin offer Foresight readers a set of Guiding Principles for the Forecasting Support System. FSS refers to the process-hardware-software infrastructure that produces the operational forecast and permits managerial adjustments to statistical forecasts. These guiding principles offer a valuable checklist for firms seeking to evaluate and upgrade their software solutions, as well as fortifying organizational support for the forecasting function.

How often do you see an article that reveals our missteps as forecasters? Well, Foresight’s Joe and Simon Sez column in this issue attempts to backfill this gaping void with the dynamic duo’s admission of Our Best Worst Forecasting Mistakes. “Inadequate reporting” is one, “Assuming that the raw data were correct” adding insult to injury. But the very best may be “Failure to prepare stakeholders for change.”

Our section on Forecasting Principles and Methods includes three articles. Roy Batchelor examines the benefits and foibles of Prediction from Patterns. Past occurrences of an event often serve as analogies for forecasting the impact of the new occurrence. The reliability of the analogy, Roy tells us, lies in the proper balance of data interpretation and good judgment. But applying only one of these without the other can result in a “bad pattern.”

Scott Armstrong follows with a discussion of the Moneyball Factor in predicting personnel performance for hiring decisions. Many of you have read the book or seen the movie. Scott liked the message, expands on it, and tells us about his attempts to convince organizations that it’s a message worthy of their consideration.

Rogelio Oliva and Noel Watson wrap up this section with their commentary on Steve Morlidge’s “The Forecasting Process: Guiding Principles.” (See next page, A New Foresight Guide.) Their focus is on the sources of organizational bias, and they offer their recommendations for Designing the Forecasting Process to Manage Bias.

Foresight’s S&OP Editor Bob Stahl teams up with former APICS president Joe Shedlawski to reveal a major S&OP “catch-22” (“damned if you do and damned if you don’t”). Their article is Executive S&OP: Overcoming the “Catch-22” of Implementation. If top management is involved with S&OP implementation from the start, the changes successful implementation requires may cause organizational and executive discomfort; but failing to involve top management undermines chances of the project’s success. The authors present a convincing path out of the dilemma.
Our 25th issue concludes with Roy Pearson’s latest Forecasting Intelligence column, Forecasting for Fun Outside Your Cubicle. It’s about having some fun at the Forecasting World Events website while at the same time “helping the nation’s intelligence community to advance the science of forecasting.”

Welcome to Lauge Valentin and McKay Curtis

Foresight’s Practitioner Advisory Board welcomes two new members: Lauge Valentin is Director of Forecasting at LEGO in Denmark, and McKay Curtis is a Senior Research Analyst at Walt Disney Parks and Resorts.

Lauge Valentin is responsible for the demand forecasting process, which is one of the 7 core processes in The LEGO Group. In addition he drives the monthly demand review in the global S&OP process. He has written an article in Foresight (Summer ’07) about how to advance forecasting performance measurements beyond MAPE and spoken at several forecasting forums about this topic. Lauge received his MSc degree in Economics and Business Administration from the Aarhus School of Business (part of Aarhus University) in Denmark.

McKay Curtis is a member of the Disney Decision Science and Support team, where he is developing statistical models for pricing at the multi-tiered resort system. McKay has a PhD in Statistics from North Carolina State University, postdoctoral training at the University of Washington, and 12 years of experience applying and developing statistical methodology in business and academic settings.

A New Foresight Guide

Now available online at the Foresight Document Store is our new Foresight Guide, entitled The Forecasting Process: Guiding Principles, Process Design, and Management of Change. Based on knowledge, research, and hard-won experience, the volume presents guidelines on how to effectively implement forecasting practices, complete with specific examples of good and bad practice. See the details at Foresight Practitioner Track at ISF 2012.

The Forecasting Process:
Guiding Principles, Process Design,
and Management of Change

FORESIGHT PRACTITIONER TRACK

A reminder that all are invited to attend the Foresight Practitioner Track (FPT) of presentations at the annual International Symposium on Forecasting. The time is June, the place is Boston, and our heavy-hitting speaker list can be viewed at http://forecasters.org/foresight/fpt-isf-2012/.
The International Symposium on Forecasting (ISF) is known for rigorous, high-quality forecasting research, insights from expert presenters, and the stellar group of forecasting professionals, researchers and educators it attracts.

New this year, the ISF’s research presentations will run in tandem with the Foresight Practitioner Track, a program focused on the forecasting process, S&OP, and long-range forecasting.

Register Today!

Take advantage of $300 in early registration savings when you register before May 18, and you’ll attend for just $720!
IIF Members and Foresight subscribers save an additional $100.
Call +1 (781) 234-4077 or visit www.forecasters.org/isf for complete details and to register!
This is the forecasting event you’ve been looking for!

8 great reasons to attend ISF 2012 — Best Research, Best Practice:

1. **Rigorous, quality forecasting intelligence... from all angles.** The non-profit International Institute of Forecasters (IIF) is the only organization capable of bringing together the best of research on cutting-edge topics in forecasting and the practical expertise of industry leading practitioners.

2. **Take-home value.** You’ll return to your organization with strategies you can put to use right away, whether your forecasts are used in the context of budgeting and financial planning, S&OP, marketing, demand planning, logistics, supply chain, production planning or some other area of the business.

3. **Learn from the people who (literally) wrote the book(s) on forecasting!** You’ll hear from authors Robin Hogarth, Steve Morlidge, Adam Gordon, and Roy Pearson, to name just a few.

4. **Delve deeply into S&OP.** Our all-star S&OP day is presented by executives and managers who have been hands-on in the successful implementation and operation of S&OP in their companies. You’ll learn from their successes as well as the challenges they’ve faced.

5. **In-depth, hands-on workshops.** Start your week with a half-day workshop (or two) that provide hands-on practice in overcoming management judgment biases in forecasting, forecasting to meet demand, supply chain masters’ techniques, and improving forecast & business outcome using simulation.

6. **Interact with your peers and experts from around the world.** ISF delegates have told us that the networking they do in the times between sessions, at meals and in social events is nearly as valuable as the formal program.

7. **Everybody makes plans... make yours better.** Every aspect of the business requires planning, and effective forecasting is crucial regardless of the planning area.

8. **Incredibly affordable.** Because the ISF is run as a break-even event by the non-profit IIF, you get world-class professional development for a very reasonable cost.

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**Need a few more reasons to attend? Check out some of the names on our confirmed speakers list:**

- **Phil Dolci,** President and CEO of Jarden Branded Consumables
- **James Stock,** Professor of Economics, Harvard University
- **Joe Smith,** Revenue Manager at Dean Foods
- **Simon Clarke,** Director of Forecasting at Coca Cola Refreshments
- **Sean Schubert,** Senior Manager, Supply Chain, Newell Rubbermaid
- **Jim Hoover,** Director, DoD Supply Chain Solutions, Accenture
- **Indar Chaudhuri,** Supply Chain Manager at Daiichi Sankyo
- **Jeff Greer,** Senior VP Operations, KVH Industries
- **Noha Tohamy,** VP Research, Gartner, Supply Chain
- **Roy Pearson,** Author, Economic Forecaster, Foresight Forecasting Intelligence Editor