note from the editor Spring 2013

**A GRATIFYING 2012**

Foresight readership this year rebounded sharply from 2011, reaching its highest numbers since the journal's inception in 2005. As editor since the get-go, I've never been more grateful to our practitioner advisors for their efforts in bringing Foresight to the attention of individuals and companies who would benefit from improved forecasting know-how.

Our content has evolved a great deal over the years, with increasing emphasis on collaboration within, and management of, the forecasting process; coverage of opportunities that may now seem “futuristic,” such as use of GIS in the supply-chain toolbox; new features on forecasting support systems; free Internet resources; and, perhaps most importantly, practical advice from world-class researchers on improving the selection and evaluation of forecasting models.

And to our readers: our humble thanks. We're hoping you'll stay with us for the long term.

**THE SPRING 2013 ISSUE**

Kevin Foley is an IIF–Certified Forecaster with over 15 years of consultant experience in defense and aerospace companies. Drawing on this background and experience, Kevin guides us through the maze of *Forecasting Revenue in Professional Service Companies*. The key is understanding the contractual pipeline from beginning to end – from the identification of new opportunities to client billing – and making careful estimates for the probability, timing, and value of new and existing contracts.

Mike Gilliland has long advocated the use of forecast value added (FVA) to determine if each component aspect of the forecasting process is working to add value (improve accuracy) – or actually worsening it. In *FVA: A Reality Check on Forecasting Practices*, Mike reviews the logic behind FVA and tells us how it is being applied in four companies.

Our section on S&OP this issue has two superb discussions. In *S&OP and Financial Planning*, John Dougherty and Chris Gray, the authors of *S&OP: Best Practices* (2006), lend their insight and expertise to show how constant comparison and reconciliation between operating and financial plans in the S&OP process can help keep each functional area attuned to contribute to a firm's overall objectives.

Then, for businesses with an effective S&OP process already in place, John Mello’s article *Collaborative Forecasting: Beyond S&OP* examines the benefits a firm can reap by collaborating with supply-chain partners to share forecasts and replenishment plans, as well as manufacturing and merchandising strategies. But John notes that Collaborative Planning, Forecasting, and Replenishment (CPFR) isn’t a free lunch, and he lays bare key obstacles in its implementation.

We read over and over again about "black swans", an extreme form of rare events that, while very unlikely to occur, can cause great upheaval if they do. In *Rare Events: Limiting Their Damage Through Advances in Modeling*, Gloria González-Rivera summarizes the state of the art in the forecasting of rare events and recommends strategies to mitigate the damages if they recur.
We asked Tom Willemain to have a look at a new forecasting text, *Practical Time Series Forecasting: A Hands-On Guide*, by Galit Shmueli of the Indian School of Business, Hyderabad. Tom did so, and found that the book is “a little gem” suitable not just for the classroom; he calls it a wonderful “leave behind” to help corporate forecasters-in-training understand the basics of time-series forecasting. Get all the details in Tom’s review.

The Spring 2013 issue concludes with Ira Sohn’s assessment of the latest National Intelligence Council report, “Global Trends 2030: Alternative Worlds.” The report identifies four *megatrends* and six *game changers* that, in various combinations, create four possible or potential worlds for the year 2030. For those of you who plan to be around 17 years from now, it’s compelling stuff.

*How Do We Know if We Have a Good Forecast?*
*Use of Google Trend Indicators in Forecasting Models*
*Tutorial on ARIMA (Box-Jenkins Forecasting Models)*
*Reviews of Supply-Chain Forecasting Software*
*Forecasting for Revenue Management*
*S&OP’s Role in America’s Manufacturing Renaissance*

**CHRISTIAN HANS SCHÄFER JOINS FORESIGHT’S PRACTITIONER ADVISORY BOARD**

Christian Hans Schäfer is Director of Global Forecasting and Strategic Process at Boehringer Ingelheim GmbH in Germany. He holds a PhD in business administration and specializes in pharmaceutical forecasting. His article in *Foresight’s* Winter 2013 issue, “How to Separate Risk from Uncertainty in Strategic Forecasting,” applies a combination of Monte Carlo simulation and scenario analysis to develop and portray the market potential of a new drug. Christian, welcome to the PAB.

*Foresight* has joined with the Fisher Business School at Ohio State University to sponsor the 2013 practitioner conference: *S&OP and Collaborative Forecasting: Committing to Better Results*. This 1.5 day professional development opportunity will be held on September 25-26 on the OSU campus. See the inside front cover for more information and note that *Foresight* readers receive a discount toward registration.
Better results start with one sound decision.

Join your peers, leading S&OP and forecasting practitioners, and noted researchers for 1.5 days of practical forecasting professional development. That decision will immerse you in the real world experiences and lessons learned that have spelled success for countless planners and forecasters as they have worked toward better results in their S&OP and forecasting practices.

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Information and experiences that have been tested and proven in the real world.
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Practical information you can put to use right away.
Take home valuable lessons from both the supply and demand sides of S&OP. You’ll return to your organization with a deeper understanding of the forecasting methods and practices that will equip you to enable better business decisions.

Opportunities to interact and network.
Registration is limited to enable you to interact with our expert speakers and to ensure that you have maximum opportunities for peer-to-peer networking.

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