



Importance of Forecasting

- The need and importance of forecasting can be found out with the help of key role played for forecasting in the management process especially in planning process.

3-7 Forecasting

Steps in the Forecasting Process





SNS COLLEGE OF TECHNOLOGY

(An Autonomous Institution)

Principles of Management

Unit -2/ Forecasting, Process, Importance



3-26 Forecasting

Choosing a Forecasting Technique

- No single technique works in every situation
- Two most important factors
 - Cost
 - Accuracy
- Other factors include the availability of:
 - Historical data
 - Computers
 - Time needed to gather and analyze the data
 - Forecast horizon

	Direct Forecasting	Indirect Forecasting
Time Horizon	Short term	Longer term
What Should it Show	Cash required to fund working capital	Cash required to fund longer term growth strategies and capital projects
How is it Constructed	Analysis of upcoming receipts/ debtors and payments/ creditors	Various income statement/ balance derivations (adjusted net income, pro-forma balance sheet etc.)