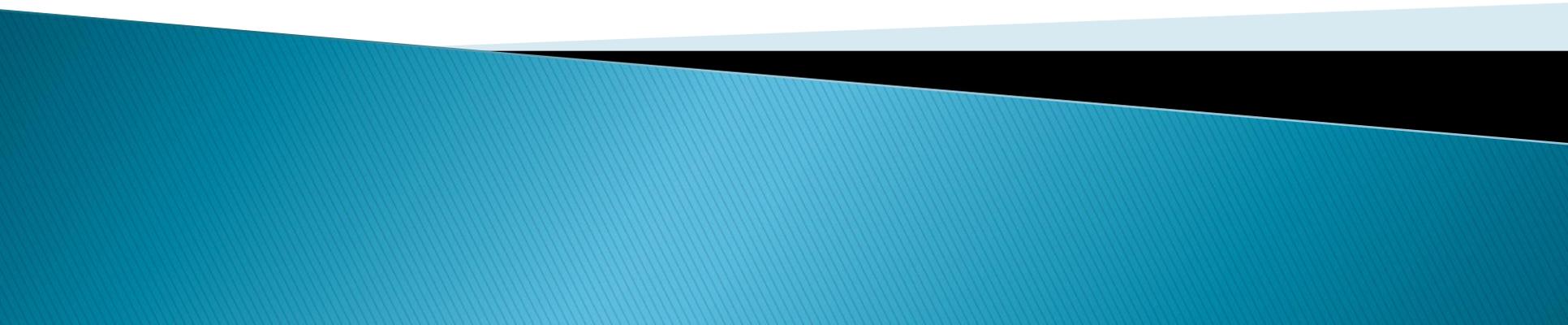


MBA 4th Sem
Production and Operations
Management
Unit 2nd

By
Dr. Sonal Singh Sikarwar



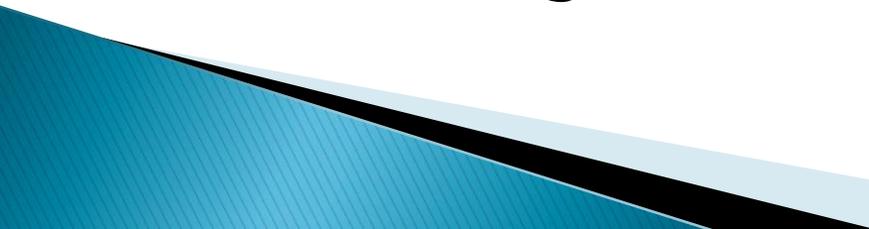
▶ **Meaning of Forecasting**

It is a systematic guessing of the future course of events with the help of analysis of past and present events. It provides basis for a planning.

Definition

Neter and Wasserman state “Business forecasting refers to the statistical analysis of the past and current movement in the given time series so as to obtain clues about the future pattern of those movements

Characteristics

- ▶ Forecasting is concerned with future events.
 - ▶ It is necessary for planning process. Planning is not possible without forecasting.
 - ▶ The impact of future events has to be considered in the planning process.
 - ▶ It is a guessing of future events. So, the future events that might happen could be guessed only to some extent.
 - ▶ Inference or conclusions are drawn from past and present relevant events under scientific forecasting.
- 

- ▶ It considers all the factors which affect organizational functions.
 - ▶ The analysis of various factors may require the use of scientific, mathematical and statistical techniques.
 - ▶ Personal observation also helps forecasting
 - ▶ The application of scientific, mathematical and statistical techniques is much more reliable than the use of ordinary tools for obtaining conclusions
- 

Forecasting Process

- ▶ Through preparation of foundation



- ▶ Estimation of future



- ▶ Collection of results



- ▶ Comparison of results



- ▶ Refining of forecast

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

Importance of Forecasting

- ▶ Pivotal role in an Organization
 - ▶ Key to Success
 - ▶ Development of a Business
 - ▶ Effective Control
 - ▶ Implementation of Project
 - ▶ Co-ordination
 - ▶ Primacy to Planning
- 

Areas of Forecasting

- ▶ Competition
 - ▶ Political change
 - ▶ Social change
 - ▶ New laws and regulations
 - ▶ Growth Trend
 - ▶ Technology
- 

- ▶ Economic condition
 - ▶ Supply of Labour
- 