

Three quantitative forecasting



**ASSIGN
BUSTER**

Identify three qualitative forecasting methods and discuss their advantages and disadvantages. 1. Jury of Executive Panel: Executive panel forecasting uses the expertise of experienced upper managers from various aspects of the business to predict forecast. Executives from areas such as sales, financial, operations and production get together to predict trends, sales, and demand estimates for their particular area of expertise. Advantages of Jury of executive include: a. Seasoned professional provides their opinion b.

The responses provided are quick since executives are apart of the organization c. Vested interest in the company Disadvantages include: a. Group think (individual managers may go with the group instead of their own opinion) b. Tendency to go along with the #1 man/woman c. 2. Consumer Survey: This forecasting is focused directly to the consumer. A series of questions are presented to the consumer about a particular product or service. I have been asked to participate in numerous consumer surveys about a product or service that I have used.

The survey may used to decide if a product should be created, changed or discontinued. It consist of a sampling consumer to determine demand/spending trends. Advantages of Consumer Survey include: a. Information comes directly from the source (the customer) b. Asks the customer their intention. c. Interviews done in person, although they can be time consuming, allows the interviewer to see the respondents body languages. Can probe for deeper questions Disadvantages of consumer survey include: a.

Consumers may not be entirely truthful b. Interviews that are done in person can be time consuming. c. Mailing and telephone, although they take less

time and money, do not allow for probing questions. 3. Delphi Method: Delphi method of forecasting was developed by RAND in 1950 with the original intent to focus on how technology affected warfare. The Delphi method is made up of a panel of experts who answers a series of carefully designed questions. In addition to experts, Delphi method also uses staff and respondents.

Delphi method requires anonymity, iteration, controlled feedback and statistical aggregation of respondents (Rowe and Wright, 1999). Because of anonymity, individuals are free to express their opinions without judgment or peer-pressure. Iteration gives them the opportunity to rethink their response after further consideration. Controlled feedback provides respondents with the opinion of the other members of the panel. Advantages of Delphi include:

- a. Anonymity: It allows respondents to freely give their opinion without fear of the other participants knowing who they are.
- b.

It is conducted in writing so it allows the participants to respond at their convenience within a prescribed period of time.

- c. Is focused on the current issue only.

Disadvantages of Delphi include:

- a. Anonymity is also a disadvantage. Because the other participants do not know who makes the opinion, there is no ownership for the opinion given. Experts may not be fully committed as they will not receive credit for their opinion.
- b. Can be time consuming as it requires iterations.
- c. Requires participants' time and commitment so some participants may back out before the study is completed.