The Challenges of Forecasting During a Black Swan Event

Most businesses rely on some sort of numerical data to guide both short-and long-term decision-making. Whether you are tracking sales, inventory, time sheets, or turnaround time; and whether you are using six sigma charts or just discussing monthly totals, chances are your numbers have looked a lot different since the start of the pandemic in March of 2020. To make the right decisions, you must decide which data are still useful to you and how you can make predictions in a time of great uncertainty.

DO YOU HAVE A FORECASTING PROBLEM?

To understand your organization's ability to make useful predictions, it is important to consider how mature your existing BI and analytical capabilities are, and if your perception of that maturity has changed. Consider three general areas of inquiry that, taken together, should give a complete picture of these capabilities.

Ultimately, do you have dynamic models with the right data inputs and the right process map of your business to be able to manage your business through the current (and future) environment?

FIRST ASK...

How mature is your Core Business Intelligence?		
Do you have operational and strategic KPIs that accurately describe critical areas of your business?	**YES**	**NO**
Do you have data governance and reporting standards in place?	**YES**	**NO**
Are you tracking leading indicators that added value to your decision-making?	**YES**	**NO**

THEN ASK...

Are your models still valid?		
How have the methods you were using responded to the dynamics of the pandemic economy?	**YES**	**NO**
Have any key metrics gone into "uncharted territory" or do you have past experience (seasonal patterns, past recessions, etc.) in this mode of operations?	**YES**	**NO**
Are there explicit or implicit underlying assumptions to your data or reporting that are no longer valid?	**YES**	**NO**

FINALLY...

Do you account for the economic trajectory?		
What larger patterns is your industry experiencing? Has your business been tracking to these larger patterns or diverging in some way?	**YES**	**NO**
Are there new ways to segment your operations that may show different trajectories moving forward?	**YES**	**NO**
Can you effectively evaluate whether there are leading indicators from outside sources that may be able to guide you?	**YES**	**NO**

jabian consulting

HOW TO APPROACH YOUR FORECASTING CHALLENGE

Depending on your answers to the questions above, there are several ways Jabian can help you develop data-driven insights that you can trust to guide your path forward.

BUSINESS INTELLIGENCE AND INFORMATION MGMT.

Jabian's Business Intelligence and Information Management (BIIM) team can evaluate how you create and manage data:

- Developing KPIs or dashboards
- Fundamentals of master data management
- Maturity assessment of BI functions and a recommended path forward

BUSINESS PROCESS ANALYSIS

Jabian's Business Process Landscape shows your organization on a single page:

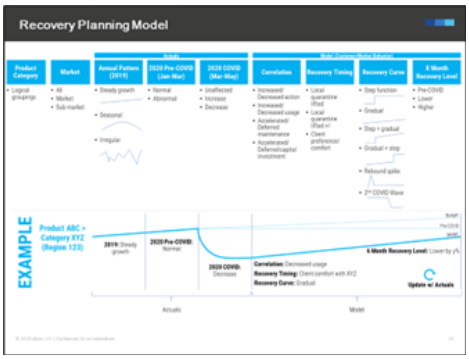
- Exploring the connections and dependencies between units of your business
- Assessing how change cascades around the organization

BUSINESS INSIGHTS AND ANALYTICS

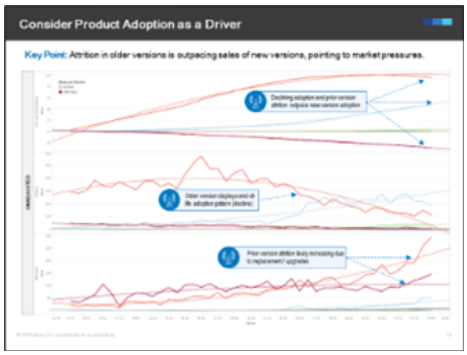
Let Jabian help you turn data into insights:

- Review results of your current models and evaluate their usefulness in ongoing planning
- Incorporate external variables such as macroeconomic factors into the forecasting process
- Understand current concerns, then recommend changes that can enhance performance and predictability
- Use data-driven insights to enable strategic decision-making

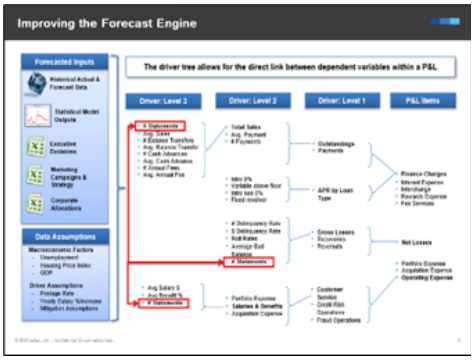
EXAMPLES



- Assisted client by modeling customer segments' individual recovery curves, and projecting how those curves overlap and influence each other to drive inventory ordering plan
- This broad look across customers helps ensure the path forward will lead to a sustainable "new normal"



- Mapped sales and attrition across multiple products to determine likely sources of lower sales of new products
- Identified market pressures impacting revenue
- Understanding of outside forces clarified a need for innovation to push back against disruptive competitors



- Implemented statistical and driver-based planning models and integrated process built upon a robust data architecture that supports both regulatory and management reporting
- Reduced six week forecasting process to <1 week largely through enhanced automation of baseline and scenarios

JABIAN IS HERE TO HELP

To learn more about how Jabian can help you evaluate your business forecasts and increase their value to your organization in these uncertain times, simply contact us at planahead@jabian.com.

jabian consulting