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Four Tips For Forecasting In The Coming Year



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Is there anyone more eminently quotable than New York Yankees legend Yogi Berra?

The Yankee catcher was a Hall of Fame player on the field — he won 10 World Series rings, racked up three MVP awards and was selected for an incredible 18 All-Star games — but achieved even more lasting notoriety due to an unprecedented proclivity for offering up everyday observations that are both paradoxically mind-bending and humorous.

Now there is some question as to whether or not Berra actually uttered all the quotes that are credited to him. (In reality, he didn't.) But there's no doubt that if there were a Quips Hall of Fame, he'd have been a unanimous first-ballot inductee.

Even his reported response to his famous quotes — “I never said most of the things I said” — is a perfect example of what we endearingly call a Yogi-ism.

Here are several other favorite alleged Yogi-isms:

“Nobody goes there anymore. It's too crowded.”

“I always thought the record would stand until it was broken.”

“The towels were so thick that I could hardly close my suitcase.”

“Even Napoleon had his Watergate.”

“Why buy good luggage? You only use it when you travel.”

As vice president of marketing at Fishbowl, forecasting potential trends and their effect on the supply and demand of our software is a key part of my job. Not surprisingly, there's a great quote often [attributed](#) to Berra that lends itself to discussions of the act of attempting to anticipate eventual outcomes:

“It is difficult to make predictions, especially about the future.”

Yes, Yogi (or whoever originally said it) scored yet again with that one. But let's examine the topic a little more closely. (Enjoy the section headers based on alleged Yogi-isms, some of which are misattributed.)

‘When you come to a fork in the road, take it.’

For starters, there's a difference between the act of making a prediction and the art of forecasting, especially in a business sense.

DifferenceBetween.net [explains](#) the distinction between the two like this: “A forecast refers to a calculation or an estimation which uses data from previous events, combined with recent trends, to come up with a future event outcome. On the other hand, a prediction is an actual act of indicating that something will happen in the future with or without prior information.”

In layman’s terms, all forecasts are predictions — but not all predictions are forecasts. Anyone can make a prediction, which doesn’t require any special insight, knowledge or background. A certain level of expertise in a subject or field, however, is typically necessary for making a valid forecast.

Forecasting is important in any business, as it helps leaders make informed decisions based on past and present sales data and develop more successful strategies by balancing those forecasts with current trends in their respective marketplace.

‘You can observe a lot by just watching.’

There are two prevalent but distinctive approaches to forecasting: qualitative and quantitative.

As Donna Fuscaldo [explains](#) in *Business News Daily*, new businesses that don’t have their own proven track record to evaluate often use qualitative forecasting. This is also a popular technique for forecasting far down the road.

Quantitative forecasting, however, is the preferred approach for comparing current business production against past performance. Fuscaldo explains that this tends to work better in the short term, so it may be the better approach for forecasting one year ahead.

‘It ain’t the heat; it’s the humility.’

The first half of the phrase “to expect the unexpected shows a thoroughly modern intellect,” credited to Oscar Wilde, has stood the test of time. It’s as true today as the day the quote was penned. It’s certainly ideal to expect the unexpected when you’re attempting to forecast for the coming year and beyond.

Navy SEAL [John Choate recently spoke](#) at Fishbowl's inaugural Inventory Management + Growth Summit. One segment of his presentation struck me particularly hard. Choate said that incorrect assumptions lie at the root of every failure. As an example, Choate noted that to succeed at a mission, SEAL teams spend 25% of their time planning the mission. However, they spend 75% of their time planning for all the various contingencies of what could possibly go wrong with the principal plan.

That's an important lesson to remember when you're forecasting. It's essential to map out a main course of action by taking all the latest information at your disposal into account. But it's just as important, if not more so, to anticipate the most likely deviations that could occur from your forecast and develop backup scenarios that focus on flexibility, both on your end and from your prominent partners, vendors and carriers.

'You'd better cut the pizza into four pieces, because I'm not hungry enough to eat eight.'

Personally, I love collecting Nike shoes and have a robust collection from which I pick and choose the perfect pair for any specific occasion. But, according to recent articles, supply chain problems and labor issues in key production locations could impact the availability of some shoe brands [throughout the holidays](#) and [into 2022](#).

"The shortage we're talking about is not related to the shoes that are in the store, or even the ones en route; it's the supply behind this layer," said Bindiya Vakil, CEO of Resilinc, in a *Footwear News* [article](#).

Effective inventory management is a vital part of any business that moves product. Recognizing supply chain issues is just the first step. Determining how those issues could potentially affect key aspects of your own company, and how you can best preemptively address them, should be the purpose of proper forecasting. Shortage forecasts — whether for Nikes, Nutella or toilet paper — are only as effective, after all, as your plan to offset them.

By forecasting one year ahead, managers can ensure they're better able to reevaluate on the fly and cope with any fluctuations. At least, that's the theory.

Of course, Yogi Berra is often credited with a quote about theories from before his time, too: "In theory, theory and practice are the same. In practice, they are not."

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