Financial Forecasting:
Tools and Applications

Course Description

Business and financial forecasting is of extreme importance to managers at practically all levels. It is required for top managers to make long-term strategic decisions. Middle management uses sales forecasts to develop their departmental budgets. Every other plan such as a production plan, purchasing plan, manpower plan, and financial plan follows from demand forecasting. The critical element in any supply chain plan is the demand forecast.

The goal of this course is to provide a working knowledge of the fundamentals of business forecasting that can be applied in the real world regardless of firm size. We walk you through basic forecasting methodology, and then practical applications. It encompasses a wide range of topics of major importance to practical managers in all functional areas, including cash flow forecasting, cost prediction, earnings forecasts, bankruptcy prediction, foreign exchange forecasting, interest rate forecasting, and technological forecasting. Stress is placed on the use of computer technology, i.e., spreadsheets and stand-alone forecasting software.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.
CPE Credits: 8 (CPA)
Category: Finance
Prerequisite: Math
Advanced Preparation: None

Course Learning Objectives

Chapter 1:   Forecasting and Managerial Planning

After completing this chapter, you should be able to:

1. Identify various forecasting methods and how to select the right method.

Chapter 2:   Forecasting, Budgeting, and Business Valuation

After completing this chapter, you should be able to:

1. Identify the important steps to budgeting
2. Recognize the value of sensitivity analysis.
3. Identify factors in the computation of business valuation.

Chapter 3:   Moving Averages and Smoothing Methods

After completing this chapter, you should be able to:

1. Recognize the special features of naive forecasting models.
2. Recognize the difference between regression analysis and exponential smoothing.

Chapter 4:   Regression Analysis

After completing this chapter, you should be able to:

1. Identify the basic components of the time series data.
2. Recognize the steps to perform decomposition of time series.

Chapter 5:   Forecasting with No Data

After completing this chapter, you should be able to:

1. Recognize life cycle stages for new products.

Chapter 6:   Indirect Methods

After completing this chapter, you should be able to:

1. Identify assumptions used to forecast sales with the Markov model.
2. Understand the value of performing market surveys for forecasting.

Chapter 7:   Evaluation of Forecasts

After completing this chapter, you should be able to:

1. Recognize methods of comparing a predicted forecast change with the observed change.
2. Identify how to measure and rank accuracy of forecasts.

Chapter 8:   Sales and Revenue Forecasting

After completing this chapter, you should be able to:

1. Recognize different methods of performing economic forecasts.
2. Identify the value of a combination method of sale forecasting.

Chapter 9:   Forecasting the Economy

After completing this chapter, you should be able to:

1. Recognize the use of different econometric models.
2. Identify some sources of economic data that can be used to improve forecasts

Chapter 10:   Financial Forecasting

After completing this chapter, you should be able to:

1. Identify the steps in projecting financial needs for the firm.
2. Recognize the implication of earnings forecasts and the Sarbanes-Oxley Act requirements.
3. Identify different sources provided from security analysts for earnings projections.
4. Identify benefits and methods of forecasting the cash collection pattern.

Chapter 11:   Analysis of Cost Behavior and Cost Prediction

After completing this chapter, you should be able to:

1. Differentiate the costs found in a company.
2. Recognize different methods for estimating costs.

Chapter 12:   Bankruptcy Predictions

After completing this chapter, you should be able to:

1. Identify bankruptcy prediction models and the limitations of some methodologies.

Chapter 13:   Forecasting Foreign Exchange Rates

After completing this chapter, you should be able to:

1. Recognize the reasons for managers to forecast the foreign exchange rates.

Chapter 14:   Interest Rate Forecasting

After completing this chapter, you should be able to:

1. Identify the different aspects of interest rate forecasts

Chapter 15:   Technological Forecasting

After completing this chapter, you should be able to:

1. Identify characteristics and accuracy of technological forecasting.
2. Identify the trends that affect the future of forecasting.