**RISK: EXPONENTIAL SMOOTHING FORECASTING AND VALUE OF INFORMATION**

**Case Background**

What if you cannot find another factor that has a high correlation with the forecasted factor? Are there other forecasting methods other than Linear Regression? How do you determine which method is actually the best one?

Chase, C. W., (2013). Demand-driven forecasting: A structured approach to forecasting. John Wiley & Sons. Somerset, NJ. Retrieved from library.

From the source above, read: (Attached)

* Chapter 3, pp. 91–93 (the section *Some Causes of Forecast Error)*
* Chapter 4, pp. 103–113, which provides information on forecast error measures; pay special attention to the sections on the MAPE measurement
* Chapter 5, pp. 125–147; pay attention the sections on Simple Exponential Smoothing (SES)

Download the Excel file [*Case 4 Examples-Practice.xlsx*](https://tlc.trident.edu/content/enforced/88075-BUS520-OCT2016FT-2/Modules/Module4/Fall%202014%20files/Case%204%20Examples-Practice.xlsx?_&d2lSessionVal=tXER7Cx9nRV49sRth7R9ps3x4&ou=88075) (Attached) that contains an example and a Practice Exercise.

Watch this video that shows how to do SES and calculate MAPE: [*http://permalink.fliqz.com/aspx/permalink.aspx?at=75d6cc75bbe742159e56ad8836531c1d&a=5fae3cf0f1624f39b0341263a6541ea0*](http://permalink.fliqz.com/aspx/permalink.aspx?at=75d6cc75bbe742159e56ad8836531c1d&a=5fae3cf0f1624f39b0341263a6541ea0)

PRACTICE: Do the Practice Exercise in the Excel file: [*Case 4 Examples – Practice*](https://tlc.trident.edu/content/enforced/88075-BUS520-OCT2016FT-2/Modules/Module4/Fall%202014%20files/Case%204%20Examples-Practice.xlsx?_&d2lSessionVal=tXER7Cx9nRV49sRth7R9ps3x4&ou=88075). Check your work.