**Risk: Simple Exponential Smoothing (SES)**

**Assignment Overview**

**Scenario:** You are a consultant for the Excellent Consulting Group (ECG). You have completed the first assignment, developing and testing a forecasting method that uses Linear Regression (LR) techniques (Module 3 Case). However, the consulting manager at ECG wants to try a different forecasting method as well. Now you decide to try Single Exponential Smoothing (SES) to forecast sales.

**Case Assignment**

Using this Excel template: [*Data chart for BUS520 Case 4*](https://tlc.trident.edu/d2l/lor/viewer/viewFile.d2lfile/88075/2865%2C-1/), do the following:

1. Calculate the MAPE for Year 2 Linear Regression forecast (use the first spreadsheet tab labeled “Year 2 Forecast – MAPE”).
2. Calculate forecasted sales for Year 2 using SES (use the second spreadsheet tab labeled “SES – MAPE”). Use 0.15 and 0.90 alphas.
3. Compare the MAPE calculated for the LR forecast (#1 above) with the MAPEs calculated using SES.

Then write a report to your boss in which you discuss the results obtained above. Using calculated MAPE values, make a recommendation concerning which method appears to be more accurate for the Year 2 data: SES or Linear Regression.

**Assignment Expectations**

**Analysis**

* Accurate and complete SES analysis in Excel.

**Written Report**

* Provide a brief introduction to/background of the problem.
* Complete a written analysis that supports your Excel analysis, discussing the assumptions, rationale, and logic used to complete your SES forecast.
* Give complete, meaningful, and accurate recommendation(s) relating to whether LR or SES is more accurate in predicting sales.