

Advances in Business and Management Forecasting (volume 4), Kenneth D. Lawrence & Michael D. Geurts (eds), Elsevier: JAI Press, Hardback, 302 pages, ISBN: 0-7623-1281-5

‘Advances in Business and Management Forecasting’ is a blind refereed, practitioner oriented, series publication produced on an annual basis. This is the fourth volume of the series and contains eighteen articles. The objective of this research annual is to present state-of-the art studies in the application of forecasting methodologies to such areas as sales, marketing and strategic decision making, and to stimulate the interest of practitioners in methods and techniques that are relevant to them. Most of the articles presented in volume 4 do reflect the overall objective of the book, i.e. they deal with methodological and actual method-related advances that are presented in a way that practitioners can understand and adopt. However, there are also some articles that in my opinion are written and presented in a format not appropriate for dissemination to such readers, i.e. I believe that the technicalities contained in those articles will prevent the relevant advancements from being understood by practitioners, let alone influence their practices. At the same time, this latter category of articles are not always as rigorous, methodologically, as one would expect them to be had they been published in an academic Forecasting, Operational Research or Marketing journal. That of course may be attributed to the fact that this is, as mentioned above, a practitioner oriented publication so, overall, I felt that the book is occasionally lacking focus.

Comments similar to those raised above were also made in another book review (Nikolopoulos, 2005) for an earlier volume of this publication. In that review, Nikolopoulos also suggested that this publication may serve a valuable role by ‘translating’ the forecasting messages found in academic journals into a form that is both digestible and useful to managers. Although this is done to a great extent in this volume, more effort should be placed on avoiding technicalities and focusing on tangible suggestions to those responsible for the forecasting task.

The book is appropriately divided into four thematic categories. Part A is devoted to ‘Forecasting and the Supply Chain’ and contains three articles. The first article (K.D. Lawrence, S.M. Lawrence and R.K. Klimberg) provides a very useful overview of the forecasting process in supply chain management. It discusses, in a very comprehensive way, forecasting in demand chains and its relationships to the customers and their needs. The second paper (F. Waage) deals with a very interesting issue which nevertheless has not attracted sufficient attention in the academic literature: that of extracting forecasts from advance orders. The third paper (S. Mitra) proposes an Inventory-Shipments ratio model to capture the dynamics of inventory and sales simultaneously over time. This application is examined by considering durable and non-durable products over the time period from 1992 to 2003.

Part B discusses ‘Forecasting and Financial Applications’ and it also contains three articles. The first paper (S.K. Chen and A.D. Olinsky) discusses and demonstrates the value of using Confirmatory Factor Analysis (CFA) in the classification of financial ratios. The second paper (D.T. Cadden and V. Driscoll) presents some preliminary results on utilising two alternative statistical tools – discriminant analysis and neural networks – to predict the change in a bank rating scheme. This part of the book ends with a paper by R. Abraham and C.W. Harrington on the proposal of a novel method of forecasting security returns. All three papers contain some background information that practitioners may find very useful.

Part C covers research work related to ‘Sales Forecasting’. The first article (T.S. Dhakar, C.P. Schmidt and D.M. Miller) proposes a modification to Winter’s method to produce more ‘stable’ sales forecasts. The proposed forecasting model is tested on 80 items for a period of six months at a large apparel manufacturing company and the results are encouraging. The second paper (T.S. Dhakar, C.P. Schmidt and D.M. Miller) discusses exponential smoothing and proposes a modification to the relevant smoothing equation, while the third paper (M.D. Geurts and D.B. Whitlark) discusses the application of flow-through and diffusion models to forecasting new product sales. The fourth article (F.J. Carter, C.M.

Motley, A.O. Ogbuehi and J.A. Williams) also deals with diffusion models. It develops and tests a repeat purchase diffusion model that allows for the individual and joint impacts of detailing, pricing and other promotional activities on the adoption of a new product. The next article is by D.B. Whitlark, and it discusses forecasting product sales with conjoint analysis. Conjoint analysis is a tool for assessing the feasibility and forecasting potential sales of new or re-engineered products. The third part of the book ends with an article (E.D. DeRosia, G.L. Christensen and D.B. Whitlark) that proposes and illustrates a qualitative method for empirically testing a priori hypotheses related to consumers and the underlying reasons for their behaviour.

Part D covers 'Forecasting Methods and Analysis'. The first article (R.K. Klimberg, S.M. Lawrence and K.D. Lawrence) deals with forecasting sales of comparable units (e.g. forecasts for sales territories, sales representatives, or forecasts of production for factories) using Data Envelopment Analysis (DEA). The second article (R.J. Lievano and E.S. Kyper) examines data mining reliability and model building related issues while the third paper (M.D. Geurts) provides a very short discussion on how the changing of the forecasting time frame (forecasting intervals) can improve the accuracy and usefulness of a forecast. The next study develops a tractable method for forecasting competing brands' market share trajectories over time (F. Waage), and the fifth study (P.

Dishman) proposes a typology which identifies various types of psychological biases involved in forecasting analysis and their accompanying characteristics. The book ends with a paper by J.G. May and J.M. Sulek on the development of a forecast combination methodology for demand forecasting.

In summary, this is a collection of some very interesting articles in the area of Business and Management forecasting. The book is very well structured and organised in appropriate thematic categories (parts). Practitioners will be able to find here some interesting ideas and value-adding applicable methodologies. Nevertheless, the book is in some instances particularly technical and, when this is the case, one could doubt the effect that it will have in influencing current business forecasting practices.

References

- Nikolopoulos, K. (2005). Book review: Advances in business and management forecasting. *International Journal of Forecasting*, 21, 395.

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