Forecasting Companion Guide

About Forecasting

It would be helpful to know the future demand for your supplies. Forecasting can be done with information that is quantitative (like your ordering history data), or qualitative (like feedback from clients). Here we are focusing on quantitative information. The more accurate your forecasts are, the easier your work will be and there will be less chance of supply shortages.

What You Will Need

The first thing you need to forecast is reliable data. Your ordering history is a good source to start with. If you need help verifying or getting this history, contact us at OHRDP, and we can give it to you. It is best to **forecast each supply individually**. It is also important to keep in mind if you are forecasting units or boxes, and not to switch between the two.

Visualizing Your data

Months Ago	12	11	10	9	8	7	6	5	4	3	2	1
Boxes of Stericups Ordered	34	29	39	40	50	38	41	35	41	47	42	48

A great first-step when forecasting is to **visualize (graph) your data**. This makes trends and patterns jump out at you! To give an example, here is a sample for 12-months of data for Stericup boxes.

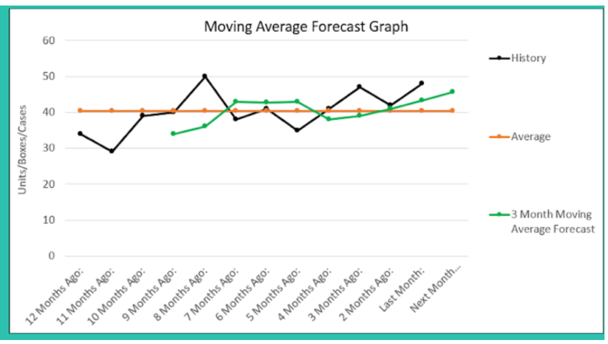
If you are using the Forecasting Supply Volumes Tool, a visualization of your data is automatically displayed **as the black line** when you enter up to 12 previous months of data. Here is an example of what entering the 12 months of Stericup boxes data will look like when graphed. Does there seem to be a trend or pattern?

Moving Average

The method used in the tool is the ‘**moving average method’.** It works by taking the average of the volumes ordered over the last few months (3 in this case) to forecast the demand for next month. Using the last few months allows the forecast to account for any recent trends.

In the example seen below, the volumes of Stericup boxes ordered in the last three months were 47, 42, and 48. Taking the average of these three numbers gives 46 (rounding up). **A 3-month moving average is predicting 46 boxes will be needed for next month.**

Month	Units/Boxes/Cases Ordered	Average	3 Month Moving Average Forecast
12 Months Ago:	34	40	
11 Months Ago:	29	40	
10 Months Ago:	39	40	
9 Months Ago:	40	40	34
8 Months Ago:	50	40	36
7 Months Ago:	38	40	43
6 Months Ago:	41	40	43
5 Months Ago:	35	40	43
4 Months Ago:	41	40	38
3 Months Ago:	47	40	39
2 Months Ago:	42	40	41
Last Month:	48	40	43
Next Month Forecast		40	46



Tips:

- This method may not be suitable if you often have months when no supply is ordered.
- The green line shows what the forecast would have been for previous months. Would the forecast have been accurate?
- Use this forecast as a starting point. There may be other factors to consider.

Forecast Cycle

It’s important to decide on a regular time period for making new forecasts. This can be done monthly, quarterly, semi-annually, or annually. Similar to how long-range weather forecasts tend to be less reliable than short-range forecasts, the same idea applies for forecasting demand for supplies. **The Forecasting Tool is designed to help with a monthly forecast cycle**.

Validating Your Forecast

It's important to see how accurate your previous forecasts have been, to see if they've been spot on, or missing the mark. We encourage you to save the Forecasting Tool with the month and year in the title, making it easy to find your previous forecasts. As the months go by, you can refer to the difference between the **green** and **black** lines to validate your forecast. If the forecasts have been inaccurate, this is a sign that another method might be better suited.

Need Some Assistance to determine your Moving Average?

Let us know how we can help. OHRDP can walk you through this method of forecasting. And if you are looking for other methods for forecasting further into the future, we can help you with that too!

Ontario Harm Reduction Distribution Program
115 Barrack Street, Suite 200
Kingston, Ontario K7K 1G2
Order Desk: orders@ohrdp.ca Other Inquiries: info@ohrdp.ca
1-866-316-2217