**On Forecasting**

Niels Bohr, the Nobel laureate in Physics and father of the atomic model, is quoted as saying,

**“Prediction is very difficult, especially if it’s about the future!”**

**This quote serves as a warning of the importance of testing a forecasting model out-of-sample. It’s often easy to find a model that fits the past data well — perhaps too well! — but quite another matter to find a model that correctly identifies those features of the past data which will be replicated in the future.**

So, here’s the thing: in the private and public sector, we keep hearing senior executives talking about being more predictive — getting on the front-foot and being less reactive.

Almost all of them fail to recognize that unless your business processes, their incoming demand and outgoing outcomes are not “In Control” (meaning in statistical control) then forecasting is worthless — a black art at best!

