



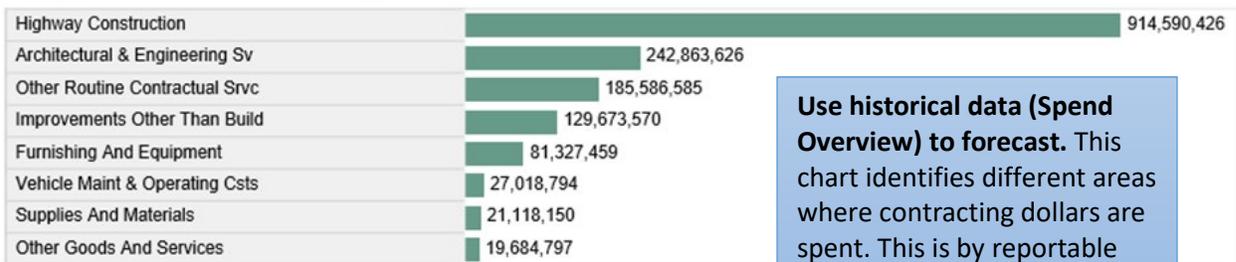
Forecasting FAQ

What is “forecasting”?

Forecasting is identifying the industry categories of past spending to make informed estimates of future spending and anticipating upcoming needs. Forecasting uses what is known from past activity by reviewing contracting/spend data, the design process, and capacity/staff planning and applies it to future use. Forecasting better prepares public agencies to proactively line up resources and improve legislative/budgetary support to increase spending with small and diverse businesses.

This practice helps agencies plan for their needs and engage with small and diverse businesses well in advance, a recommendation from the [2019 Disparity Study](#). Planning ahead and conducting early outreach can help expand the pool of small and diverse businesses capable of providing the needed work and/or products to the government.

Forecasting increases the amount of time for small and diverse business inclusion strategies from the start. This allows for greater supplier diversity success and efficient spending of taxpayer dollars than the reactive rush to procure items.



Use historical data (Spend Overview) to forecast. This chart identifies different areas where contracting dollars are spent. This is by reportable sub-object category and includes p-card spend data.

Why is forecasting important?

- Provides sustainability to a supplier diverse business program through more strategic planning and predictability
- Provides more opportunity for inclusion of diverse businesses – more advance notification for bidding opportunities is more inclusive
- Provides the agency the structure to evaluate its process and programs for spending
- It is a responsible way to manage spending taxpayer dollars
- Proactive planning helps agencies meet diverse business inclusion goals



What is needed to start forecasting?

- Budget and expenditure data (historical and future)
- Data on the goods and services currently purchased by the agency
- Businesses available in each industry the agency purchases from
- Businesses the agency currently contracts with, and the certification status of those businesses
- Process for budgeting, sourcing, and purchasing
- Legislative intent for spending public funds

How does planning differ depending on the type of procurement?

For each type, individuals will look at the components listed above. However, different procurement types may involve different subject matter experts (SME). For example, the following contract types would involve the following SMEs:

- Master Contracts = DES and agency contracting specialists
- Direct Buy = Agency contracting specialists for that specific type of work
- Public Works = Architectural and Engineering teams, contracting specialists, and DES

What does an agency need to forecast successfully?

- Executive leadership sponsorship and support
- Policy alignment
- Visibility of expenditures
- Project planning principles

When is forecasting appropriate?

- Early in the decision cycle while planning procurement needs – starting at the preparation of budget requests and through the budget cycle.
- Prior to implementing biennial and supplemental budget changes
- Prior to and at the beginning of each fiscal year
- Reevaluate existing forecasts, particularly on large projects, when new subcontracting opportunities are identified or circumstances change



What questions should you ask to decide when to conduct forecasting?

- Is our agency already doing this?
- Does our agency have historical expenditure data?
- Is the data easily retrieved in a repeatable manner?
- Does our agency have, or can it obtain, information about certified small and diverse businesses available in relevant industries?
 - Contact these organizations if you're having issues obtaining information:
 - [OMWBE](#)
 - [DVA](#)
 - [DES](#)
- Does our agency have the resources or capacity to conduct outreach by industry?
- How can our agency adjust timelines or budgets to allow for forecasting?

What are some challenges to using forecasting?

- Emergency or unforeseen spending
- Master contracts that have limited small and diverse business options
- Instances where there are few small and diverse businesses doing a certain type of work or businesses do not have the capacity or specialized goods and services

Other forecasting resources:

- Models, flow charts, fact sheets, etc. that can be used to conduct forecasting
- Budget and expenditure reports - AFRS reports, [Master Contract Spend Data](#)
- [OMWBE](#) & [DVA](#) Certified Firm Directories
- [SBA's Dynamic Small Business Search](#) (helpful when unable to identify a small and diverse business)