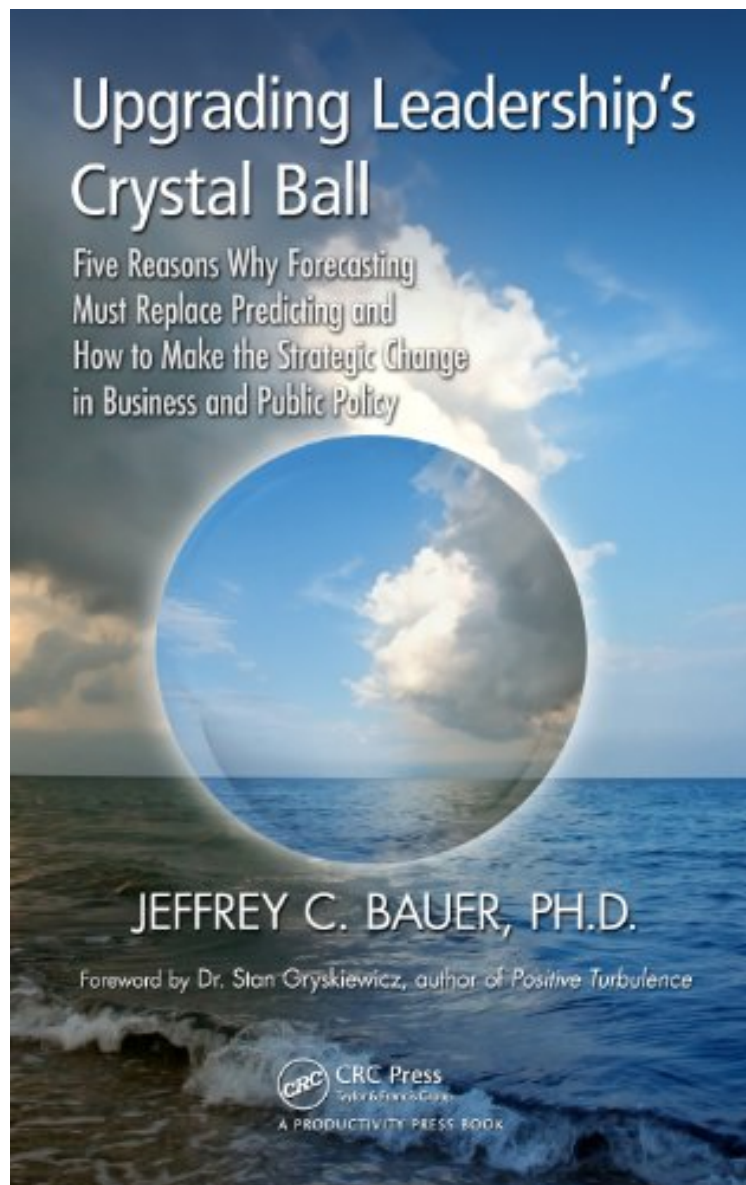


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Upgrading Leadership's Crystal Ball: Five Reasons Why Forecasting Must Replace Predicting and How to Make the Strategic Change in Business and Public Policy

Jeffrey C. Bauer

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Jeffrey C. Bauer : Upgrading Leadership's Crystal Ball: Five Reasons Why Forecasting Must Replace Predicting and How to Make the Strategic Change in Business and Public Policy before purchasing it in order to gage whether or not it would be worth my time, and all praised Upgrading Leadership's Crystal Ball: Five Reasons

Why Forecasting Must Replace Predicting and How to Make the Strategic Change in Business and Public Policy:

2 of 2 people found the following review helpful. Precious knowledge for a fast-changing world. By Paulo Leite I disagree with other reviewers. If I got the author right, he proposes a shift on the way we should consider what direction we (or our companies and organizations) should take in the future. That shift is from extrapolating past experiences (even when measurable) into a forecasting model that tries to bring all present and future variables. I work in Film Production and if there is one thing that Hollywood history has taught us is that predictions often fail miserably - and success, sometimes, comes from where you least expect. So the fight between prediction versus forecasting is - in the film business - the heart of the industry for over a century! So I think I understand why so many people are underestimating this book's importance that gets more and more relevant the more intangible the discipline in question gets. And few industries are as intangible as show business. I loved the book because it put into words the crucial distinction between prediction and forecasting. To many, it's just a matter of semantics... or details. It may be so for people on the Economy field. But for someone who works with intangible goods (Art, Films, Entertainment, etc.), this book nails it! I suspect that most of the people who did not like this book, deep down, feel reluctant to abandon a prediction model that - in a world that evolves and changes SLOWLY, one lifetime at a time - always seemed so useful and reliable. But that slow-moving world is gone and things change radically in less than 8 years - so the prediction reliability is no longer here. This book confirmed many of my fears (laughs) and I will need to work harder to forecast more and predict NOTHING. I hate you, Mr. Bauer! (Laughs) RECOMMENDED!! 0 of 0 people found the following review helpful. Bauer points out that using statistical modeling to project an outcome assumes that the data are good, that things will continue. By Ellen Words matter, especially when the distinction between two sometimes-interchanged words highlights an important difference. Projecting into the future can be done by either predicting or forecasting, depending on what question you ask: "What will be the future value of this variable?" vs. "What might happen?" Very different questions, indeed. Dr. Bauer points out that using statistical modeling to project an outcome assumes that the data are good, that things will continue to work as they have in the past, and that all relevant variables are included in the model. They do not provide a formal role for chaos, and the increasing unpredictability of our world. Its only role is as a margin of error around the predicted value, which, even with its theoretically unlimited asymptotes, still requires the assumption that the world has not changed. This requirement on the status quo actively discourages organizational innovation, because its impact would change predictions in unknowable ways. Forecasting, however, explicitly accepts the role of chaos and the unpredictability of the world. The emphasis is on deciding what variables will have the most impact, how to measure, standardize, and weight them. Chaos informs the projections of what the values of the predictors might later be, as well as in describing the scope of what future outcomes need to be considered. History informs the modeling in an analog way, with changes in input variables generally resulting in increases or decreases in different types of outcomes. An empty chair is left at the table for chaos, as we even try to project the impact of the unforeseeable. Innovation is encouraged as practice preparation for the unknown. If the book ended here, Bauer's point about the advantages of forecasting rather than predicting would be well made. But Bauer is a practical man and directly addresses the question of "So what?" Having the possible outcomes neatly arrayed invites the question, "Which would we prefer?" So strategizing using the results of forecasting can take two routes, neither of which is available from predictions. Considering preparations that could make the biggest difference for each of the projected categories of outcomes can help an organization ensure that none of the outcomes would be devastating. Forecasting also empowers organizations to take bold action to increase the probability of the most desired outcomes, driving innovation in needed directions. Repeating this process as conditions change allows the organization to adjust preparations for the way things seem most likely to go, and to repeatedly find opportunities to influence the future. 1 of 1 people found the following review helpful. It explains the obvious against our hopes. By Eugene Tenenbaum Reluctant Reader ISBN 1466554037 (Upgrading Leadership's Crystal Ball: Five Reasons..., 1st ed.) clearly explains why forecasting must replace predicting against the predominant hope that the problems will magically disappear, as in the past, that is fundamental to our nature, as believing in salvation, for hinting a prospect of happiness especially in the miserable reality, that allows, and thus is ruthlessly and unscrupulously exploited by the politicians and not only, to successfully promise even the impossible. Such a preference to (optimistic) predicting over (sober) forecasting was also exploited by the creators of the Long-Term Capital Management (LTCM) Fund to beat the market using the Black-Scholes formula for estimating the price of options. In 1998, it was bailed out by the Federal Reserve under Alan Greenspan to prevent 1 trillion dollar fiasco that is thought to contributed to the early 2000s recession. That preference is even more evident in the omnipresent disappearance of common sense leading to the financial crisis of 2007-08. The book is a narrow introduction to the extremely difficult probability based predictive modelling and forecasting. It is grammatically well written, illustrated in black and white with several cartoons and weather maps pretending to show something meaningful, and easy to understand by non-professionals despite its apparent technicality. Its content is applicable especially where pointless discussion replaces unpredictable future. It provides an easy access to the subject and thus it belongs in every public library. Approx. 37 pages incl. the index are shown by the .com's "LOOK INSIDE!" function.

What cannot be seen is that the book is very well done graphically and published, printed on good paper. The soft covers are strong and have protective glossy surface, but are prone to creasing.

Clearly, concisely, and with many examples from public and private enterprise, *Upgrading Leadership's Crystal Ball* shows why predictions are usually wrong and presents a better way to look at the future—forecasting. This book is essential-reading for anyone who needs to make the best possible strategic decisions for moving an organization forward in today's rapidly changing environment. Dr. Bauer supplies an insightful comparison of the two mainstream approaches for looking ahead. Although predicting and forecasting are usually used as synonyms for a single process, they are conceptually and methodologically quite different. He explains why everyday failure to operationalize these differences robs us of power to envision and pursue good futures, especially when we are headed in the wrong direction. Readers will learn the real-world value of distinguishing between predicting (extrapolating historical trends) and forecasting (estimating the probabilities of possibilities). Following a description of predictive modeling and a discussion of five reasons why it fails so often in current applications, Dr. Bauer explains the superiority of forecasting and how to do it. To complete readers' understanding of the many compelling reasons for making the shift from predicting to forecasting, *Upgrading Leadership's Crystal Ball* presents a practical approach to strategic planning in unpredictable times. It concludes with an analysis of the future of big data and its likely impact on the future. Dr. Bauer is uniquely qualified to write this important book; he is trained in both predicting (economics) and forecasting (meteorology). Author of more than 250 publications, he is internationally recognized not only for long-term success in foretelling the future of medical science and health care, but also for successful innovations to create a better delivery system. This book distills the lessons garnered over his 40 year career as economist and futurist into a guide that other leaders can use to avoid problems and create better options in any realm. The book includes a foreword by Dr. Stan Grysiewicz, author of *Positive Turbulence*.

Jeff Bauer's new book positively crackles with energy and brio, whether he's busting a myth or sharing an anecdote about WWII meteorology. Like any truly learned teacher, his message is simple and accessible: predictions give us the illusion of precision and trap us in the duality of Right and (mostly) Wrong. A forecast, by contrast, illuminates a garden of likely outcomes; it stirs our creativity and poises us for action. —Tim Ogilvie, CEO, Peer Insight and co-author of *Designing for Growth*

About the Author: Jeffrey C. Bauer, PhD, is an internationally recognized health futurist and medical economist. As an independent industry thought leader, he forecasts the evolution of health care and develops practical approaches to improving the medical sector of the American economy. He is widely known for his specific proposal to create an efficient and effective health care delivery system through multi-stakeholder partnerships and other initiatives focused in the private sector. Dr. Bauer has published more than 250 articles, books, web pages, and videos on health care delivery. He speaks frequently to national and international audiences about key trends in health care, medical science, technology, information systems, reimbursement, public policy, and creative problem solving. Dr. Bauer is quoted often in the national press and writes regularly for professional journals that cover the business of health care. He is the author of *Statistical Analysis for Health Care Decision-Makers* and coauthor of *Paradox and Imperatives in Health Care: How Efficiency, Effectiveness, and E-Transformation Can Conquer Waste and Optimize Quality*, both published by CRC Press. As a consultant, he has assisted hundreds of providers, purchasers, and payer organizations with strategic planning and performance improvement. He served in several major corporate positions from 1999 to 2010, including vice president for health care forecasting and strategy for ACS, a Xerox company. His previous consulting firm, The Bauer Group, specialized in consumer-focused strategic planning and development of clinical affiliation agreements for multi-hospital networks from 1984 to 1992. In his academic career, Dr. Bauer was a full-time teacher and administrator at the University of Colorado Health Sciences Center in Denver from 1973 to 1984, where he held appointments as associate professor and as assistant chancellor for planning and program development. He also served concurrently for four years as health policy advisor to Colorado Governor Richard D. Lamm. From 1992 to 1998, Dr. Bauer was a visiting professor in administrative medicine at the Medical School of the University of Wisconsin Madison, where he taught physician leaders how to conduct research and evaluate published studies. He received his PhD in economics from the University of Colorado, Boulder. He graduated from Colorado College in Colorado Springs with a BA in economics and completed a certificate in political studies at the University of Paris (France). During his academic career, he was a Boettcher Scholar, a Ford Foundation Independent Scholar, a Fulbright Scholar (Switzerland), and a Kellogg Foundation National Fellow. Dr. Bauer lives in Chicago, where he is actively involved in painting and music.